

28 SEP 2001

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

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MAY, 2001

鄭永安會計公司  
**TEH ENG AUN & CO.**  
Public Accountants  
TEL 2632220, 2635496  
FAX 2629566

COMPANY NO: 300426 - P

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

**DIRECTORS' REPORT**

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31st MAY, 2001

**PRINCIPAL ACTIVITIES**

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

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

**FINANCIAL RESULTS**

	<b>GROUP RM</b>	<b>COMPANY RM</b>
Loss after taxation	(384,270)	(191,020)
Minority interest	<u>(263,009)</u>	<u>-</u>
Loss attributable to shareholders	(647,279)	(191,020)
Retained profits brought forward	<u>15,355,319</u>	<u>4,562,969</u>
Profit available for appropriation	14,708,040	4,371,949
Profit capitalised for bonus issue	(8,130,871)	-
Proposed dividend	<u>(980,208)</u>	<u>(980,208)</u>
Retained profits carried forward	<u>5,596,961</u>	<u>3,391,741</u>

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## DIVIDENDS

During the financial year, the Company paid a dividend of 5% less tax 28% amounting to RM811,836 in respect of the financial year ended 31st MAY. 2000

The Directors now propose a first and final dividend of 3% less tax 28%, amounting to RM980,208 in respect of the current financial year

## RESERVES AND PROVISIONS

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

## SHARE CAPITAL

During the financial year, the Company increased its authorised capital from RM25,000,000 comprising 25,000,000 ordinary shares of RM1 each to RM100,000,000 comprising 100,000,000 ordinary shares of RM1 each by the creation of an additional 75,000,000 new ordinary shares of RM1 each

During the financial year, the issued and paid-up share capital of the Company was increased from RM22,551,000 to RM45,380,000 by the following issuance

- (i) The issue of 139,000 fully paid-up ordinary shares of RM1 each for cash pursuant to the Pensonic Holdings Berhad Employees' Share Option Scheme ("ESOS") at the option price of RM2.20 per share.
- (ii) A bonus issue of 11,345,000 new ordinary shares of RM1 each to the shareholders of the Company on the basis of one (1) new ordinary share for every two (2) ordinary shares
- (iii) A rights issue of 11,345,000 new ordinary shares of RM1 each at an issue price of RM2.60 per ordinary share with 11,345,000 detachable warrants on the basis of one (1) new ordinary share together with one (1) warrant for every two (2) shares

The new shares rank par passu in all respects with the existing ordinary shares of the Company

## EMPLOYEES' SHARE OPTION SCHEME

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

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

- (a) The Scheme is set up for participation in the ordinary share capital of the Company only. The total number of shares to be offered under the ESOS shall not exceed 10% of the total number of issued and paid-up ordinary shares of the Company at any time during the duration of the Scheme.
- (b) Eligible employees are those who have been in the service of the Group for a continuous year of at least one (1) year for Malaysian employees (including full-time executive directors who are involved in the day-to-day management and on the payroll of the Company).
- (c) The ESOS shall continue to be in force for a duration of five (5) years commencing on 9th March 1998 and expiring on 8th March, 2003.
- (d) The Scheme shall be administered by the Option Committee which shall comprise senior management staff to be appointed by the Board of Directors.
- (e) An option granted under the ESOS shall be capable of being exercised by the Grantee by notice in writing to the Company during the year commencing on the date of offer and expiring on 8th March 2003. The option granted shall be exercisable by the grantee in proportion up to a maximum of 20% of the option granted for each year and may be exercised in full or in such lesser number of shares provided that the number shall be in multiples of and not less than 1,000 shares.
- (f) The price at which the eligible employees are entitled to take up shares under the ESOS is the average of the mean market quotations of the shares of the Company (as quoted in the Daily Official list issued by the Kuala Lumpur Stock Exchange) for the five(5) market days preceding the respective dates of offer of the options, or the nominal value of the share, whichever is higher.
- (g) An option granted under ESOS shall cease where the Grantee ceases his/her employment or appointment with the Group by reason of resignation or termination of employment by the Company or subsidiary companies of the Group other than by reasons of his/her retirement at or after attaining normal retirement age, ill health, injury or disability, redundancy or any other circumstances approved by the Option Committee in its entire discretion in writing.
- (h) An option shall immediately become void and of no effect on the bankruptcy of the grantee.

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

Date of offer	Original option price	Options Over Number of Ordinary Shares of RM1 each						
		Balance at 1 <sup>st</sup> June, 2000	Lapsed due to resignation	Exercised	Balance unexercised before adjustment to ESOS	Revised option price	Adjustment Pursuant to the Bonus and Rights Issue	Balance at 31 <sup>st</sup> May, 2001
	RM					RM		
9.3.98	2.20	786,000	(164,000)	(139,000)	483,000	1.39	292,000	775,000
2.5.01	1.30	-	-	-	-	-	3,385,000	3,385,000

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## DIRECTORS

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

DATO' CHEW WENG KHAK @ CHEW WENG KIAK  
DATO' SERI HAJI ABDUL RAHMAN  
BIN HAJI ABBAS  
S.M.N, D.U.P.N, D.M.P.N, D.J.N.  
CHEW CHUON JIN  
TAN KING TAI @ TAN KHOON HAI  
D.J.N, P.K.T.  
ZAHARA BT. PAWANCIK  
P.P.N, P.J.K.  
CHEW WENG YEAW  
NYAK ZAHARI BIN NYAK IBRAHIM

In accordance with Article 29(2) of the Company's Articles of Association, CHEW CHUON JIN and TAN KING TAI @ TAN KHOON HAI, D.J.N., P.K.T retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

## DIRECTORS' INTERESTS IN SHARES

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

	<u>Number of ordinary shares of RM1 each</u>			<u>As at</u> <u>31.05.2001</u>
	<u>As at</u> <u>01.06.2000</u>	<u>Acquired</u>	<u>Disposed</u>	
<b><u>DIRECT INTEREST</u></b>				
The Company :-				
DATO' CHEW WENG KHAK @ CHEW WENG KIAK	4,101,596	4,391,598	-	8,493,194 *
DATO' SERI HAJI ABDUL RAHMAN BIN HAJI ABBAS S.M.N, D.U.P.N, D.M.P.N, D.J.N	73,000	73,000	(20,000)	126,000
CHEW CHUON JIN	404,100	404,100	-	808,200 **
TAN KING TAI @ TAN KHOON HAI D.J.N, P.K.T.	425,405	866,404	-	1,291,809 ***
ZAHARA BT. PAWANCIK P.P.N, P.J.K	815,260	815,260	(1,145,000)	485,520
CHEW WENG YEAW	30,000	30,000	-	60,000
NYAK ZAHARI BIN NYAK IBRAHIM				

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INDIRECT INTEREST

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

	<u>Number of ordinary shares of RM1 each</u>			
	<u>As at</u>	<u>Acquired</u>	<u>Disposed</u>	<u>As at</u>
	<u>01.06.2000</u>			<u>31.05.2001</u>
<b>CHEW WENG KHAK REALTY SDN. BHD.</b>				
DATO' CHEW WENG KHAK @				
CHEW WENG KIAK	2,666,899	3,521,898	-	6,188,797 ****
CHEW CHUON JIN	2,666,899	3,521,898	-	6,188,797 ****

**TAN KHOON HAI SDN. BHD.**

TAN KING TAI @ TAN KHOON HAI				
D J N , P.K.T.	1,000	1,000	-	2,000

\* Inclusive of 7,570,000 ordinary shares which are held through a nominee company.

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

\*\*\* Inclusive of 1,255,000 ordinary shares which are held through a nominee company.

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

	<u>Option over number of ordinary shares of RM1 each</u>			
	<u>As at</u>	<u>Adjustment</u>	<u>As at</u>	
	<u>01.06.2000</u>	<u>pursuant to</u>	<u>Exercised</u>	<u>31.05.2001</u>
		<u>the Bonus</u>		
		<u>and Rights</u>		
		<u>Issue</u>		
The Company :-				
DATO' CHEW WENG KHAK @				
CHEW WENG KIAK	66,000	39,000	-	105,000
CHEW CHUON JIN	66,000	39,000	-	105,000
TAN KING TAI @ TAN KHOON HAI				
D J N , P.K.T.	66,000	39,000	-	105,000
ZALARA BT PAWANCIK				
P P N P L K	66,000	39,000	-	105,000

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

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

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

In accordance with the register of the Directors' shareholdings, there are no changes in the directors' interest in shares in the Company and its related corporations at 21st JUNE, 2001

#### OTHER STATUTORY INFORMATION

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

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

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

- a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the accounts of the Group and of the Company inadequate to any substantial extent; or
- b) which would render the values attributed to current assets in the accounts of the Group and of the Company misleading; or
- c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

- a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person, or
- b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year other than as disclosed in NOTE 23 to the financial statements.

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

In the opinion of the Directors :

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

#### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are as follows :

- i) The issue of 139,000 fully paid-up ordinary shares of RM1 each for cash pursuant to the Pensonic Holdings Berhad Employees' Share Option Scheme ("ESOS") at the option price of RM2.20 per share.
- ii) A bonus issue of 11,345,000 new ordinary shares of RM1 each to the shareholders of the Company on the basis of one (1) new ordinary share for every two (2) ordinary shares and.
- iii) A rights issue of 11,345,000 new ordinary shares of RM1 each at an issue price of RM2.60 per ordinary share with 11,345,000 detachable warrants on the basis of one (1) new ordinary share together with one (1) warrant for every two (2) shares

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



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**AUDITORS**

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

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



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

Director



\_\_\_\_\_  
TAN KING TAI @  
TAN KHOON HAL,  
D.J.N., P.K.T.

Director

Penang

Dated : 21 SEP 2001


COMPANY NO: 300426 - P


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

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

We, DATO' CHEW WENG KHAK @ CHEW WENG KIAK and TAN KING TAI @ TAN KHOON HAL, D.J.N., P.K.T., being two of the Directors of PENSONIC HOLDINGS BERHAD, state that, in the opinion of the Directors, the accompanying balance sheets, income statements, statements of changes in equity and the cash flow statements, together with the notes thereto, are properly drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31st MAY, 2001 and of the results of their operations and the cash flows for the Group and of the Company for the financial year ended on that date.

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

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

  
\_\_\_\_\_  
TAN KING TAI @  
TAN KHOON HAL  
D.J.N., P.K.T.

Dated : 21 SEP 2001

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

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

Subscribed and solemnly declared by the )

abovenamed DATO' CHEW WENG KHAK @

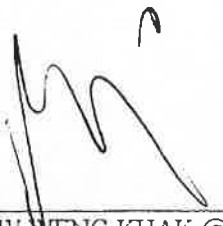
CHEW WENG KIAK )

Georgetown in the state of

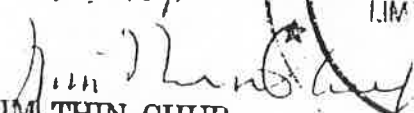
PULAU PINANG )

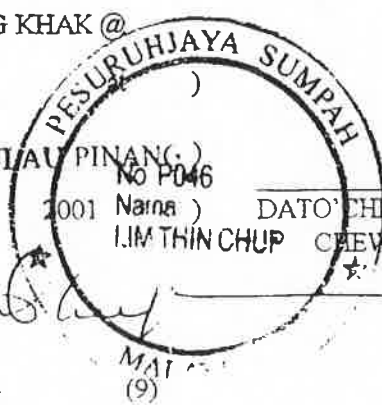
this 21st day of Sept.

2001 )

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

Before me,

  
\_\_\_\_\_  
LIM THIN CHUP  
PESURUHJAYA SUMPAH  
COMMISSIONER FOR OATHS  
No. 1-E, LEBUH KING,  
PULAU PINANG, MALAYSIA



**ENG AUN & CO.,**

Accountants

安會計公司  
府公衆會計師



MEMBER FIRM OF  
MALAYSIAN INSTITUTE OF ACCOUNTANTS

2nd Floor, 36, Argyll Road,  
10050 Penang.

Tel No: 2635496, 2632220

Fax No: 2629566

COMPANY NO: 300426 - P

REPORT OF THE AUDITORS TO THE MEMBERS  
OF  
PENSONIC HOLDINGS BERHAD  
(300426 - P)  
(Incorporated in Malaysia)

We have audited the financial statements together with the notes thereto of the Group and of the Company. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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

In our opinion :-

- a) the financial statements are properly drawn up in accordance with the provision of the Companies Act 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :-
  - i) the state of affairs of the Group and of the Company as at 31st MAY, 2001 and of the results of the Group and of the Company and cash flows of the Group and of the Company for the financial year then ended ; and
  - ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the Company's financial statements and consolidated financial statements; and

**ENG AUN & CO.,**

Accountants

安會計公司  
府公衆會計師



MEMBER FIRM OF  
MALAYSIAN INSTITUTE OF ACCOUNTANTS

2nd Floor, 36, Argyll Road,  
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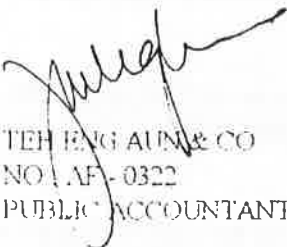
Fax No: 2629566

COMPANY NO: 300426 - P


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

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

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

  
TEH ENG AUN & CO  
NO. AF-0322  
PUBLIC ACCOUNTANTS

21 SEP 2001

  
TEH ENG HIN  
NO. 1708/8/2003 (J)  
PARTNER

COMPANY NO: 300426 - P

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

**CONSOLIDATED BALANCE SHEET AS AT 31ST MAY, 2001**

	NOTE	2001 RM	2000 RM (Restated)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2	27,949,789	28,341,507
Intangible assets	3	25,497	70,789
<b>CURRENT ASSETS</b>			
Inventories	5	54,226,461	51,787,789
Amount owing by related companies	6	6,313,005	6,414,491
Trade and other receivables	7	31,536,929	27,897,853
Fixed deposits, cash and bank balances	8	9,494,808	5,001,539
		<u>101,571,203</u>	<u>91,101,672</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	29,450,957	37,760,590
Short term borrowings	10	7,134,516	10,649,678
Provision for taxation		772,473	1,339,677
Proposed dividend		980,208	811,836
		<u>38,338,154</u>	<u>50,561,781</u>
<b>NET CURRENT ASSETS</b>		<u>63,233,049</u>	<u>40,539,891</u>
		<u>91,208,335</u>	<u>68,952,187</u>
<b>FINANCED BY :-</b>			
<b>SHARE CAPITAL</b>	11	45,380,000	22,551,000
<b>RESERVES</b>	12	42,663,348	37,317,035
<b>SHAREHOLDERS' EQUITY</b>		<u>88,043,348</u>	<u>59,868,035</u>
<b>MINORITY INTEREST</b>		587,827	324,818
<b>LONG TERM AND DEFERRED LIABILITIES :-</b>			
Long-term loan	13	2,244,735	8,469,687
Deferred taxation	14	332,425	289,647
<b>Total Long-Term and Deferred Liabilities</b>		<u>2,577,160</u>	<u>8,759,334</u>
		<u>91,208,335</u>	<u>68,952,187</u>

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

COMPANY NO: 300426 - P

PENSONIC HOLDINGS BERHAD  
(300426 - P)  
(Incorporated in Malaysia)  
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CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31ST MAY, 2001

	NOTE	2001 RM	2000 RM (Restated)
REVENUE	15	93,382,210	103,680,782
COST OF SALES		<u>(77,769,291)</u>	<u>(82,380,732)</u>
GROSS PROFIT		15,612,919	21,300,050
OTHER OPERATING INCOME		258,948	182,760
DISTRIBUTION COSTS		<u>(5,273,785)</u>	<u>(4,095,590)</u>
ADMINISTRATION EXPENSES		<u>(9,093,993)</u>	<u>(8,676,394)</u>
PROFIT FROM OPERATIONS		1,504,089	8,710,826
FINANCE COSTS		<u>(1,172,253)</u>	<u>(1,528,110)</u>
PROFIT BEFORE TAXATION	16	331,836	7,182,716
INCOME TAX EXPENSE	17	<u>(716,106)</u>	<u>(2,268,702)</u>
(LOSS)/PROFIT AFTER TAXATION		(384,270)	4,914,014
MINORITY INTEREST		<u>(263,009)</u>	<u>(161,539)</u>
NET (LOSS)/PROFIT FOR THE YEAR		<u>(647,279)</u>	<u>4,752,475</u>
BASIC (LOSS)/EARNINGS PER SHARE (sens)	18	<u>(1.90)</u>	<u>21.34</u>

The accompanying notes form an integral part of the financial statements

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST MAY, 2001**

	Share capital RM	Share premium RM	Revaluation reserve RM	Capital reserve RM	Reserve on consolidation RM	Retained profits RM	Total RM
Balance as at 31st May, 1999	22,036,000	7,731,900	407,649	4,487,540	8,716,627	11,475,763	54,855,479
Change in accounting policy - prior year adjustment (Note 19)	-	-	-	-	-	(61,083)	(61,083)
As restated	22,036,000	7,731,900	407,649	4,487,540	8,716,627	11,414,680	54,794,396
Issue of shares							
- ESOS	515,000	618,000	-	-	-	-	1,133,000
Proposed final dividend (5% less tax)	-	-	-	-	-	(811,836)	(811,836)
Net profit for the year	-	-	-	-	-	5,072,357	5,072,357
Change in accounting policy - prior year adjustment (Note 19)	-	-	-	-	-	(319,882)	(319,882)
As restated	-	-	-	-	-	4,752,475	4,752,475
Balance as at 31st May, 2000	22,551,000	8,349,900	407,649	4,487,540	8,716,627	15,355,319	59,868,035
Issue of shares							
- ESOS	139,000	166,800	-	-	-	-	305,800
- Bonus Issue	11,345,000	(3,214,129)	-	-	-	(8,130,871)	-
- Rights Issue with warrants	11,345,000	18,152,000	-	-	-	-	29,497,000
Net loss for the year	-	-	-	-	-	(647,279)	(647,279)
Proposed final dividend (3% less tax) (Note 20)	-	-	-	-	-	(980,208)	(980,208)
Balance as at 31st May, 2001	45,380,000	23,454,571	407,649	4,487,540	8,716,627	5,596,961	88,043,348

The accompanying notes form an integral part of the financial statements

COMPANY NO: 300426 - P

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

**CONSOLIDATED CASH FLOW STATEMENT**  
FOR THE YEAR ENDED 31ST MAY, 2001

	NOTE	2001 RM	2000 RM (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		331,836	7,182,716
Adjustments for :-			
Amortisation of intangible assets			
- Trade mark		6,374	9,456
- Preliminary expenses		-	9,379
- Listing expenses		38,918	203,602
Amortisation of leasehold land and buildings		244,448	248,390
Bad debts written off		-	15,749
Depreciation of property, plant and equipment		1,245,740	1,118,776
Interest expense		2,239,188	2,951,402
(Gain)/Loss on disposal of property, plant and equipment		(23,132)	46,497
Interest income		(75,984)	-
Operating profit before working capital changes		4,007,388	11,785,967
(Increase)/Decrease in inventories		(2,438,672)	1,061,041
Increase in receivables		(357,735)	(3,983,260)
Decrease in payables		(10,923,974)	(6,123,160)
Cash (used in)/generated from operations		(9,712,993)	2,740,588
Taxes paid		(1,806,047)	(1,405,402)
Interest expense		(2,239,188)	(2,951,402)
Interest income		75,984	-
Net cash used in operating activities		(13,682,244)	(1,616,216)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	21	(1,137,838)	(1,275,562)
Proceeds from disposal of property, plant and equipment		62,500	521,500
Proceeds from ESOS issue		305,800	1,133,000
Proceeds from rights issue with warrants		29,497,000	-
Intangible assets applied		-	(2,033)
Net cash generated from investing activities		28,727,462	376,905



	2001 RM	2000 RM (Restated)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(811,836)	(1,101,800)
Repayment of hire purchase creditors	-	(155,002)
Proceeds from term loan	-	4,000,000
Repayment of term loan	(7,601,630)	(1,017,711)
Net cash (used in)/generated from financing activities	<u>(8,413,466)</u>	<u>1,725,487</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	6,631,752	486,176
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<u>(3,357,445)</u>	<u>(3,843,621)</u>
<b>* CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<u>3,274,307</u>	<u>(3,357,445)</u>
<b>* CASH AND CASH EQUIVALENTS</b>	<b>RM</b>	<b>RM</b>
Cash and bank balances	4,868,258	4,889,612
Fixed deposits with licensed banks	4,626,550	111,927
Bank overdrafts	<u>(6,220,501)</u>	<u>(8,358,984)</u>
	<u>3,274,307</u>	<u>(3,357,445)</u>

COMPANY NO: 300426 - P

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

BALANCE SHEET AS AT 31ST MAY, 2001

	NOTE	2001 RM	2000 RM (Restated)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2	32,815	111,570
Intangible assets	3	-	38,918
Interest in subsidiary companies	4	81,090,125	52,150,390
<b>CURRENT ASSETS</b>			
Other receivables	7	256,572	256,572
Cash at bank	8	19,172	43,143
		275,744	299,715
<b>CURRENT LIABILITIES</b>			
Other payables	9	61,292	63,145
Proposed dividend		980,208	811,836
		1,041,500	874,981
<b>NET CURRENT LIABILITIES</b>		(765,756)	(575,266)
		80,357,184	51,725,612
<b>SHARE CAPITAL</b>			
	11	45,380,000	22,551,000
<b>RESERVES</b>			
	12	34,977,184	29,174,612
<b>SHAREHOLDERS' EQUITY</b>		80,357,184	51,725,612

The accompanying notes form an integral part of the financial statements

COMPANY NO: 300426 - P

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

INCOME STATEMENT  
FOR THE YEAR ENDED 31ST MAY, 2001

	NOTE	2001 RM	2000 RM (Restated)
REVENUE	15	1,349,153	1,700,000
ADMINISTRATION EXPENSES		<u>(1,177,334)</u>	<u>(521,736)</u>
PROFIT FROM OPERATIONS		171,819	1,178,264
FINANCE COSTS		<u>(1,639)</u>	<u>(6,100)</u>
PROFIT BEFORE TAXATION	16	170,180	1,172,164
INCOME TAX EXPENSE	17	<u>(361,200)</u>	<u>(467,256)</u>
NET (LOSS)/PROFIT FOR THE YEAR		<u>(191,020)</u>	<u>704,908</u>

The accompanying notes form an integral part of the financial statements

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

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST MAY, 2001**

	Share capital RM	Share premium RM	Revaluation reserve RM	Retained profits RM	Total RM
Balance as at 31st May, 1999	22,036,000	7,731,900	-	4,723,404	34,491,304
Change in accounting policy - prior year adjustment (Note 19)	-	-	-	(53,507)	(53,507)
As restated	22,036,000	7,731,900	-	4,669,897	34,437,797
Issue of shares - ESOS	515,000	618,000	-	-	1,133,000
Surplus on revaluation of subsidiaries	-	-	16,261,743	-	16,261,743
Proposed dividends (5% less tax)	-	-	-	(811,836)	(811,836)
Net profit for the year	-	-	-	787,251	787,251
Change in accounting policy - prior year adjustment (Note 19)	-	-	-	(82,343)	(82,343)
As restated	-	-	-	704,908	704,908
Balance as at 31st May, 2000	22,551,000	8,349,900	16,261,743	4,562,969	51,725,612
Issue of shares - ESOS	139,000	166,800	-	-	305,800
- Bonus Issue	11,345,000	(3,214,129)	(8,130,871)	-	-
- Rights Issue with warrants	11,345,000	18,152,000	-	-	29,497,000
Net loss for the year	-	-	-	(191,020)	(191,020)
Proposed dividends (3% less tax) (Note 20)	-	-	-	(980,208)	(980,208)
Balance as at 31st May, 2001	45,380,000	23,454,571	8,130,872	3,391,741	80,357,184

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

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST MAY, 2001**

	2001 RM	2000 RM (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	170,180	1,172,164
Adjustments for :-		
Amortisation of intangible assets		
- listing expenses	38,918	172,602
Depreciation of property, plant and equipment	78,755	78,755
Interest expenses	477	5,546
Interest income	(59,153)	-
Operating profit before working capital changes	229,177	1,429,067
Decrease in payables	(1,853)	(24,946)
Cash generated from operations	227,324	1,404,121
Taxes refund	-	6,744
Taxes paid	(361,200)	(476,000)
Interest expense	(477)	(5,546)
Interest income	59,153	-
Net cash (used in)/generated from operating activities	(75,200)	929,319
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Advances to subsidiary companies	(28,939,735)	(948,763)
Proceeds from ESOS issue	305,800	1,133,000
Proceeds from rights issue with warrants	29,497,000	-
Net cash generated from investing activities	863,065	184,237

	2001 RM	2000 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(811,836)	(1,101,800)
Repayment of hire purchase creditors	-	(32,194)
Net cash used in financing activities	<u>(811,836)</u>	<u>(1,133,994)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(23,971)	(20,438)
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<u>43,143</u>	<u>63,581</u>
* <b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<u>19,172</u>	<u>43,143</u>
<b>* CASH AND CASH EQUIVALENTS</b>	<b>RM</b>	<b>RM</b>
Cash at bank	<u>19,172</u>	<u>43,143</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Accounting convention

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

1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the 31st May 2001. Subsidiary companies are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting the results of subsidiary companies acquired or disposed of during the financial year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements. The difference between acquisition costs and the fair values of the subsidiary companies' net assets is reflected as goodwill or reserve on consolidation as appropriate.

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

1.3 Property, plant and equipment and Depreciation

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

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

1.4 Investments

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

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



#### 1.5 Intangible assets

In previous years, preliminary expenses, pre-operating expenses and listing expenses are deferred and amortised on straight line basis over a period of five years upon commencement of operations or the useful life, whichever is the shorter.

However, in compliance with MASB Standard No. 1 expenditure which do not meet the criteria of an asset should not be shown in the balance sheet and instead be expensed off when they are incurred. Arising therefrom, the Group and the Company changed their accounting policy to comply with this standard.

This change in accounting policy has been accounted for retrospectively by prior year adjustment together with restatement of comparative figures as disclosed in note 19 to the financial statements.

Trade mark is amortised over a period of 10 years commencing 1991.

#### 1.6 Inventories

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

#### 1.7 Related companies

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

#### 1.8 Trade and other receivables

Known bad debts are written off and specific provisions are made for all debts considered doubtful.

#### 1.9 Deferred taxation

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

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

#### 1.10 Revenue and revenue recognition

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

Revenue for the Company represents gross dividend received and fixed deposits interest received.

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

All inter-company transactions are eliminated on consolidation.

#### 1.11 Foreign currency transactions

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

#### 1.12 Cash and cash equivalents

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

## 2. PROPERTY, PLANT AND EQUIPMENT (Continued)

GROUP  
2001

## COST OR VALUATION

	AT 01.06.2000 RM	Additions RM	Disposals RM	AT 31.05.2001 RM
At valuation :-				
Leasehold land	1,523,532	-	-	1,523,532
At cost :-				
Leasehold land and buildings	12,316,123	-	-	12,316,123
Freehold land	997,287	-	-	997,287
Buildings	10,611,287	-	-	10,611,287
Motor vehicles	2,655,477	394,213	(112,521)	2,937,169
Furniture and fittings	408,999	112,534	-	521,533
Office equipments	698,922	76,784	-	775,706
Electrical installation	293,539	13,355	-	306,894
Renovation	1,020,424	91,426	-	1,111,850
Fire protection system	355,949	-	-	355,949
Showcase	66,746	-	-	66,746
Factory fittings and equipments	310,550	12,250	-	322,800
Moulds	2,567,184	182,454	-	2,749,638
Signboard	161,277	-	-	161,277
Tools and equipment	102,830	155,586	-	258,416
Plant and machinery	282,154	48,603	-	330,757
Computer	101,039	50,633	-	151,672
	<u>34,473,319</u>	<u>1,137,838</u>	<u>(112,521)</u>	<u>35,498,636</u>

## 2. PROPERTY, PLANT AND EQUIPMENT (Continued)

	ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	AT 01.06.2000 RM	Charge for the year RM	Disposals RM	AT 31.05.2001 RM	AT 31.05.2001 RM
At valuation :-					
Leasehold land	152,352	25,392	-	177,744	1,345,788
At cost :-					
Leasehold land and buildings	1,207,001	219,056	-	1,426,057	10,890,066
Freehold land					997,287
Buildings	711,465	204,127	-	915,592	9,695,695
Motor vehicles	1,458,638	444,974	(73,153)	1,830,459	1,106,710
Furniture and fittings	144,306	28,199	-	172,505	349,028
Office equipments	356,962	99,978	-	456,940	318,766
Electrical installation	107,441	21,642	-	129,083	177,811
Renovation	368,460	97,199	-	465,659	646,191
Fire protection system	137,658	21,876	-	159,534	196,415
Showcase	58,969	777	-	59,746	7,000
Factory fittings and equipments	134,407	28,178	-	162,585	160,215
Moulds	987,612	191,164	-	1,178,776	1,570,862
Signboard	86,943	14,323	-	101,266	60,011
Tools and equipment	32,302	23,390	-	55,692	202,724
Plant and machinery	108,478	22,377	-	130,855	199,902
Computer	78,818	47,536	-	126,354	25,318
	<u>6,131,812</u>	<u>1,490,188</u>	<u>(73,153)</u>	<u>7,548,847</u>	<u>27,949,789</u>

## 2. PROPERTY, PLANT AND EQUIPMENT (Continued)

GROUP  
2000

## COST OR VALUATION

	AT 01.06.1999 RM	Additions RM	Disposals RM	AT 31.05.2000 RM
At valuation :-				
Leasehold land	1,523,532	-	-	1,523,532
At cost :-				
Leasehold land and buildings	12,316,123	-	-	12,316,123
Freehold land	997,287	-	-	997,287
Buildings	11,040,762	-	(429,475)	10,611,287
Motor vehicles	2,498,599	513,488	(356,610)	2,655,477
Furniture and fittings	397,342	11,657	-	408,999
Office equipments	653,277	51,545	(5,900)	698,922
Electrical installation	284,867	8,672	-	293,539
Renovation	779,580	240,844	-	1,020,424
Fire protection system	355,949	-	-	355,949
Showcase	66,746	-	-	66,746
Factory fittings and equipments	269,895	40,655	-	310,550
Moulds	2,251,242	315,942	-	2,567,184
Signboard	144,477	16,800	-	161,277
Tools and equipment	88,572	14,258	-	102,830
Plant and machinery	263,249	18,905	-	282,154
Computer	58,243	42,796	-	101,039
	<u>33,989,742</u>	<u>1,275,562</u>	<u>(791,985)</u>	<u>34,473,319</u>

## 2. PROPERTY, PLANT AND EQUIPMENT (Continued)

ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	AT 01.06.1999 RM	Charge for the year RM	Disposals RM	AT 31.05.2000 RM	AT 31.05.2000 RM
At valuation :-					
Leasehold land	126,960	25,392	-	152,352	1,371,180
At cost :-					
Leasehold land and buildings	984,003	222,998	-	1,207,001	11,109,122
Freehold land	-	-	-	-	997,287
Buildings	504,541	206,924	-	711,465	9,899,822
Motor vehicles	1,273,594	405,068	(220,024)	1,458,638	1,196,839
Furniture and fittings	121,671	22,635	-	144,306	264,693
Office equipment	303,717	57,208	(3,963)	356,962	341,960
Electrical installation	85,432	22,009	-	107,441	186,098
Renovation	276,715	91,745	-	368,460	651,964
Fire protection system	113,360	24,298	-	137,658	218,291
Showcase	58,105	864	-	58,969	7,777
Factory fittings and equipment	104,936	29,471	-	134,407	176,143
Moulds	802,967	184,645	-	987,612	1,579,572
Signboard	72,384	14,559	-	86,943	74,334
Tools and equipment	24,080	8,222	-	32,302	70,528
Plant and machinery	89,059	19,419	-	108,478	173,676
Computer	47,109	31,709	-	78,818	22,221
	<u>4,988,633</u>	<u>1,367,166</u>	<u>(223,987)</u>	<u>6,131,812</u>	<u>28,341,507</u>

2. PROPERTY, PLANT AND EQUIPMENT (Continued)

COMPANY 2001				
COST	At	Additions	Disposals	At
	01.06.2000			31.05.2001
	RM	RM	RM	RM
Motor vehicle	393,776	-	-	393,776

ACCUMULATED DEPRECIATION	At	Charge for	Disposals	At	NET BOOK VALUE
	01.06.2000	the year	Disposals	31.05.2001	At
	RM	RM	RM	RM	31.05.2001 RM
Motor vehicle	282,206	78,755	-	360,961	32,815

COMPANY 2000				
COST	01.06.1999	Additions	Disposals	31.05.2000
	RM			RM
Motor vehicle	393,776	-	-	393,776

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

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

	GROUP	
	2001 RM	2000 RM
At cost :-		
Freehold land and building	1,246,666	1,246,666
Leasehold land and building	22,268,691	22,268,691
	<u>23,515,357</u>	<u>23,515,357</u>

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

- (iii) Had the revalued asset been carried at cost less depreciation the carrying amounts would have been as follows :-

GROUP	Cost	Accumulated	Net
	RM	Depreciation RM	book value RM
<b>2001</b>			
Leasehold land	<u>1,115,883</u>	<u>148,784</u>	<u>967,099</u>
<b>2000</b>			
Leasehold land	<u>1,115,883</u>	<u>130,186</u>	<u>985,697</u>

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



3. INTANGIBLE ASSETS

	GROUP		COMPANY	
	2001 RM	2000 RM (Restated)	2001 RM	2000 RM (Restated)
a) Trade mark :				
<b>Cost</b>				
As at 1st June	62,456	60,423	-	-
Add : Addition during the year	-	2,033	-	-
As at 31st May	<u>62,456</u>	<u>62,456</u>	-	-
<b>Accumulated amortisation</b>				
As at 1st June	30,585	21,129	-	-
Add : Amortisation during the year	6,374	9,456	-	-
As at 31st May	<u>36,959</u>	<u>30,585</u>	-	-
<b>As at 31st May</b>	<u>25,497</u>	<u>31,871</u>	-	-
b) Preliminary expenses :				
<b>Cost</b>				
As at 31st May	-	46,894	-	-
<b>Accumulated amortisation</b>				
As at 1st June	-	37,515	-	-
Add : Amortisation during the year	-	9,379	-	-
As at 31st May	-	46,894	-	-
<b>As at 31st May</b>	-	-	-	-
c) Listing expenses				
<b>Cost</b>				
As at 31st May	964,498	964,498	809,498	809,498
<b>Accumulated amortisation</b>				
As at 1st June	925,580	721,978	770,580	597,978
Add : Amortisation during the year	38,918	203,602	38,918	172,602
As at 31st May	<u>964,498</u>	<u>925,580</u>	<u>809,498</u>	<u>770,580</u>
<b>As at 31st May</b>	<u>-</u>	<u>38,918</u>	<u>-</u>	<u>38,918</u>

## 4. INTEREST IN SUBSIDIARY COMPANIES

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Unquoted shares				
- at cost	-	-	11,962,962	11,962,962
- at directors valuation	-	-	16,261,743	16,261,743
Amount owing by subsidiary companies	-	-	52,865,420	23,925,685
	-	-	81,090,125	52,150,390

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

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

The subsidiary companies which are incorporated in Malaysia are :-

<u>Name of company</u>	<u>Principal activities</u>	<u>Effective interest</u>	
		2001	2000
Keat Radio Co. Sdn Bhd.	Manufacturing, assembling and sale of electrical and electronic home appliances	100%	100%
Pensonic Sales & Service Sdn. Bhd.	Assembling and sale of electrical and electronic home appliances	100%	100%
Pensonic Corporation Sdn Bhd.	Dealing in all kinds of electrical products and operators of licensed manufacturing warehouse	100%	100%
Pensia Electronic Sdn Bhd.	Manufacturing, assembling, and sale of electrical and electronic home appliances	100%	100%
Pensia Industries Sdn Bhd.	Manufacturing, assembling and sale of electrical and electronic home appliances	100%	100%
Pensonic Industries Sdn Bhd.	Dealing in electrical and electronic items	60%	60%

<u>Name of company</u>	<u>Principal activities</u>	<u>Effective interest</u>	
		2001	2000
Pensonic Part & Services Sdn. Bhd.	Dealing in electrical and electronic items	59.99%	59.99%
Epicson Music Sdn. Bhd.	Promoters of music industry (Dormant during the year)	100%	100%
Sensonic Sales & Service Sdn. Bhd.	Manufacturing of electrical products and electronic home appliances (Dormant during the year)	100%	100%

All the subsidiary companies are audited by us.

5. INVENTORIES

	GROUP	
	2001 RM	2000 RM
Raw materials	19,925,102	22,057,973
Finished goods	34,301,359	29,729,816
	<u>54,226,461</u>	<u>51,787,789</u>

6. AMOUNT OWING BY RELATED COMPANIES

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

7. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade receivables	24,679,357	21,659,629	-	-
Other receivables	6,857,572	6,238,224	256,572	256,572
	<u>31,536,929</u>	<u>27,897,853</u>	<u>256,572</u>	<u>256,572</u>

8. FIXED DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2001	2000	2001	2000
	RM	RM	RM	RM
Fixed deposits with licensed banks	4,626,550	111,927	-	-
Cash and bank balances	4,868,258	4,889,612	19,172	43,143
	<u>9,494,808</u>	<u>5,001,539</u>	<u>19,172</u>	<u>43,143</u>

9. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2001	2000	2001	2000
	RM	RM	RM	RM
Trade payables	3,761,216	3,488,566	-	-
Bills payable - secured	24,335,656	31,557,000	-	-
Other payables	1,354,085	2,715,024	61,292	63,145
	<u>29,450,957</u>	<u>37,760,590</u>	<u>61,292</u>	<u>63,145</u>

10. SHORT-TERM BORROWINGS - SECURED

	GROUP		COMPANY	
	2001	2000	2001	2000
	RM	RM	RM	RM
Bank overdrafts	6,220,501	8,358,984	-	-
Term-loan - Repayment due within one year (Note 13)	914,015	2,290,694	-	-
	<u>7,134,516</u>	<u>10,649,678</u>	<u>-</u>	<u>-</u>

The bank overdrafts and other banking facilities bear interest ranging from 1% to 2% above the banks' base lending rates and are secured by the following -

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

## 11. SHARE CAPITAL

	COMPANY	
	2001 RM	2000 RM
Ordinary shares of RM1 each		
Authorised : -	<u>100,000,000</u>	<u>25,000,000</u>
Issued and fully paid-up -		
At 1st June	22,551,000	22,036,000
Issued under Employees' Share Option Scheme	139,000	515,000
Bonus issue	11,345,000	-
Rights issue with warrants	11,345,000	-
At 31st May	<u>45,380,000</u>	<u>22,551,000</u>

During the financial year, the Company increased its authorised capital from RM25,000,000 comprising 25,000,000 ordinary shares of RM1 each to RM100,000,000 comprising 100,000,000 ordinary shares of RM1 each by the creation of an additional 75,000,000 new ordinary shares of RM1 each

The Company also increased its issued and paid up capital from RM22,551,000 to RM45,380,000 as follows :-

- (i) An issue of 139,000 fully paid-up ordinary shares of RM1 each for cash pursuant to the Pensonic Holdings Berhad Employees' Share Option Scheme ("ESOS") at the option price of RM2.20 per share.
- (ii) A bonus issue of 11,345,000 new ordinary shares of RM1 each to the shareholders of the Company on the basis of one (1) new ordinary share for every two (2) ordinary shares held
- (iii) A rights issue of 11,345,000 new ordinary shares of RM1 each at an issued price of RM2.60 per ordinary shares with 11,345,000 detachable warrants on the basis of one (1) new ordinary share together with one (1) warrant for every two (2) ordinary shares held

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

As at 31st May, 2001 options to subscribe for 775,000 ordinary shares and 3,385,000 ordinary shares at an option price of RM1.39 and RM1.30 respectively, remains unexercised.

## 12. RESERVES

	GROUP		COMPANY	
	2001 RM	2000 RM (Restated)	2001 RM	2000 RM (Restated)
<b><u>Non-Distributable :-</u></b>				
a) Revaluation reserve :				
As at 1st June	407,649	407,649	16,261,743	-
Add Surplus on revaluation of subsidiaries	-	-	-	16,261,743
Less Amount capitalised for bonus issue	-	-	(8,130,871)	-
As at 31st May	<u>407,649</u>	<u>407,649</u>	<u>8,130,872</u>	<u>16,261,743</u>
b) Capital reserve				
As at 31st May	<u>4,487,540</u>	<u>4,487,540</u>	-	-
c) Share premium :				
As at 1st June	8,349,900	7,731,900	8,349,900	7,731,900
Add : Employees' Share Option Scheme	166,800	618,000	166,800	618,000
Rights issue with warrants	18,152,000	-	18,152,000	-
Less : Amount capitalised for bonus issue	(3,214,129)	-	(3,214,129)	-
As at 31st May	<u>23,454,571</u>	<u>8,349,900</u>	<u>23,454,571</u>	<u>8,349,900</u>
d) Reserve on Consolidation				
As at 31st May	<u>8,716,627</u>	<u>8,716,627</u>	-	-
<b><u>Distributable :-</u></b>				
e) Retained profits				
As at 1st June	15,355,319	11,414,680	4,562,969	4,669,897
(Loss)/Profit during the year	(1,627,487)	3,940,639	(1,171,228)	(106,928)
Less Amount capitalised for bonus issue	(8,130,871)	-	-	-
As at 31st May	<u>5,596,961</u>	<u>15,355,319</u>	<u>3,391,741</u>	<u>4,562,969</u>
<b>TOTAL RESERVES</b>				
Total reserves at 31st May are analysed as follows :				
Distributable	5,596,961	15,355,319	3,391,741	4,562,969
Non-distributable	37,066,387	21,961,716	31,585,443	24,611,643
	<u>42,663,348</u>	<u>37,317,035</u>	<u>34,977,184</u>	<u>29,174,612</u>

**13. TERM LOANS - SECURED**

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Balance as at 31st May	3,158,750	10,760,381	-	-
Repayment due within one year	914,015	2,290,694	-	-
Repayment due after one year	2,244,735	8,469,687	-	-

Term loans bear interest ranging from 1.5% to 1.75% per annum above the bank's base lending rate and is secured by charges as mentioned in Note 10.

**14. DEFERRED TAXATION**

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
As at 1st June	289,647	206,197	-	-
Transfer from income statement	42,778	83,450	-	-
As at 31st May	332,425	289,647	-	-

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Tax effect on :-				
Timing difference arising from excess of capital allowance over the corresponding depreciation	1,187,232	1,034,454	-	-

As at 31st May, 2001 there were no timing differences on which deferred taxation liability has not been provided (2000:Nil)

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

**15. REVENUE**

Revenue for the Company represents gross dividend received and fixed deposits interest received

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

## 16. PROFIT BEFORE TAXATION

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

	GROUP		COMPANY	
	2001 RM	2000 RM (Restated)	2001 RM	2000 RM (Restated)
After charging :-				
Audit fee (Note a)	100,300	65,000	44,300	9,000
Amortisation of leasehold land and buildings	244,448	248,390	-	-
Amortisation of intangible assets :-				
- Trade mark	6,374	9,456	-	-
- Preliminary expenses	-	9,379	-	-
- Listing expenses	38,918	203,602	38,918	172,602
Bad debts written off	-	15,749	-	-
Bonus and rights issue expenses	691,544	-	691,544	-
Directors' remuneration (Note b)	538,879	572,288	40,000	40,000
Depreciation of property, plant and equipment	1,245,740	1,118,776	78,755	78,755
Interest expense :-				
- bankers acceptance	1,161,898	1,496,820	-	-
- bank interest	261,775	694,640	477	53
- hire purchase interest	-	29,702	-	5,493
- term loan interest	815,515	730,240	-	-
Listing expenses	-	102,928	-	102,928
Loss on foreign exchange - realised	8,808	10,573	-	-
Rental of premises	282,694	201,273	-	-
And crediting -				
Fixed deposits interest received	75,984	-	59,153	-
Rental received	218,985	215,737	-	-
Gain/(Loss) on disposal of property, plant and equipment	23,132	(46,497)	-	-
Gross dividend received from subsidiary companies	-	-	1,290,000	1,700,000



16. PROFIT BEFORE TAXATION (CONTINUED)

	GROUP		COMPANY	
	2001	2000	2001	2000
	RM	RM	RM	RM
	(Restated)			
(a) Audit fee				
- statutory audit	65,000	65,000	9,000	9,000
- non-audit in relation to Company bonus and rights issue	35,300	-	35,300	-
	<u>100,300</u>	<u>65,000</u>	<u>44,300</u>	<u>9,000</u>

	GROUP		COMPANY	
	2001	2000	2001	2000
	RM	RM	RM	RM
(b) Directors remuneration				
Executive Directors				
- salaries	470,879	514,788	-	-
- bonuses	28,000	17,500	-	-
- fees	20,000	20,000	20,000	20,000
- benefits-in-kind	-	-	-	-
Total	<u>518,879</u>	<u>552,288</u>	<u>20,000</u>	<u>20,000</u>
Non-Executive Directors				
- fees	20,000	20,000	20,000	20,000
- benefits-in-kind	-	-	-	-
Total	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
<b>Total</b>	<u>538,879</u>	<u>572,288</u>	<u>40,000</u>	<u>40,000</u>

	Number of directors			
	2001		2000	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
<u>Directors of the Group</u>				
Below RM50,000	2	3	2	3
RM50,000 - RM100,000				
RM100,000 - RM150,000	1			
RM150,000 - RM200,000				
RM200,000 - RM250,000			2	
RM250,000 - RM300,000				
RM300,000 - RM350,000	1			

**17. INCOME TAX EXPENSE**

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Provision for current year	312,400	2,104,100	-	-
Under / (Over) provision in prior year	360,928	87,896	-	(2,000)
Tax refund	-	(6,744)	-	(6,744)
Tax deducted at source	-	-	361,200	476,000
Deferred taxation	42,778	83,450	-	-
	<u>716,106</u>	<u>2,268,702</u>	<u>361,200</u>	<u>467,256</u>

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

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

The Company has tax credit of approximately RM1,752,000 (2000: RM1,772,000) under Section 108 of the Income Tax Act, 1967 to frank the payment of future dividends subject to the agreement by the Inland Revenue Board.

**18. (LOSS)/EARNINGS PER SHARE**

The basic (loss)/earnings per share has been calculated on after tax group (loss)/earnings of (RM647,279) (2000:RM4,752,475) and on the weighted average number of ordinary shares in issue during the year of 34,023,416 (1999: on the weighted average number of ordinary shares in issue of 22,265,750)

The fully diluted loss per ordinary share in 2001 has not been computed as the Group showed basic loss per ordinary share for 2001.

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

19. PRIOR YEAR ADJUSTMENT

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Adjustments arising from a change of accounting policy for treatment of expenditure carried forward				
Balance of intangible assets written off due to a change of accounting policy (note 1 (1.5))	-	61,083	-	53,507
Intangible assets charged to Income Statement due to a change of accounting policy (note 1 (1.5))	-	340,467	-	102,928
Reversal of accumulated amortisation				
Amortisation made in year ended 31st May 2000 on intangible assets charged to income statement	-	(20,585)	-	(20,585)
	-	319,882	-	82,343

The effect of the change is a decrease in loss for the year of RM20,585 (2000: a decrease in profit RM319,882) and RM20,585 (2000: a decrease in profit RM82,343) for the Group and Company respectively.

**20. PROPOSED DIVIDEND**

	GROUP		COMPANY	
	2001	2000	2001	2000
	RM	RM	RM	RM
Proposed dividend of 3% less tax (2000 : 5% less tax)	980,208	811,836	980,208	811,836

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

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM1,137,838 (2000: RM1,275,562) by cash.

**22. SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

	COMPANY	
	2001	2000
	RM	RM
Gross dividend received from subsidiary companies	1,290,000	1,700,000
Advances to subsidiary companies	29,250,400	1,019,800

**23. CONTINGENT LIABILITIES**

	COMPANY	
	2001	2000
	RM	RM
Guarantees given to bankers in respect of bank facilities granted to certain subsidiary companies - unsecured	81,200,000	81,200,000

**24. SEGMENT ANALYSIS**

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

## 25. CORPORATE INFORMATION

### (a) Registered office and principal place of business

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

(b) Employees Information	2001 RM	2000 RM
Staff costs	<u>4,743,352</u>	<u>4,074,369</u>

The number of employees for the Group (excluding directors) at the end of the financial year was 342 (2000 287)

## 26. COMPARATIVE FIGURES

The comparative figures stated are in respect of the year ended 31st May, 2000

The following comparative figures in the balance sheet, income statement and cash flow statement of the Group and of the Company have been restated to reflect the prior year adjustment stated in note 19 to the financial statements

	GROUP		COMPANY	
	As restated RM	As previously reported RM	As restated RM	As previously reported RM
<b>Balance sheet :-</b>				
a) Intangible assets	70,789	451,754	38,918	174,768
b) Retained profits as at 31st May 2000	15,355,319	15,736,284	4,562,969	4,698,819
<b>Income statement :-</b>				
a) Net profit as at 31st May 2000	4,752,475	5,072,357	704,908	787,251
b) Basic Earnings Per Share (sens)	21.34	22.78	-	-
<b>Cash flow statement :-</b>				
a) Amortisation of intangible assets	222,437	243,022	172,602	193,187
b) Intangible assets applied	2,033	343,462	-	102,928

26. COMPARATIVE FIGURES (Continued)

The presentation of the financial statements for the current year is presented in accordance with the requirements of the Malaysian Accounting Standards Board (MASB) Standard No. 1 - Presentation of Financial Statements. Accordingly, certain comparative figures have been re-presented to conform with this new presentation

	GROUP		COMPANY	
	As restated RM	As previously reported RM	As restated RM	As previously reported RM
<b>Balance sheet :-</b>				
a) Trade debtors	-	21,659,629	-	-
Other debtors, deposits and prepayments	-	6,238,224	-	256,572
Trade and other receivables	27,897,853	-	256,572	-
b) Trade creditors	-	35,045,566	-	-
Other creditors and accruals	-	2,715,024	-	63,145
Trade and other payables	37,760,590	-	63,145	-
c) Bank overdrafts	-	8,358,984	-	-
Term loans due within one year	-	2,290,694	-	-
Short term borrowings	10,649,678	-	-	-
<b>Cash flow statement :-</b>				
a) Bad debts written off	15,749	-	-	-