

COMPANY NO: 300426 - P

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY, 2004**

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, 2004**.

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

	GROUP RM	COMPANY RM
Net profit for the year	3,164,242	1,158,148
Minority interest	<u>(59,380)</u>	<u>-</u>
Profit attributable to shareholders	3,104,862	1,158,148
Retained profits brought forward - As restated	450,725	3,283,572
Dividends	<u>(333,432)</u>	<u>(333,432)</u>
Retained profits carried forward	<u>3,222,155</u>	<u>4,108,288</u>

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DIVIDENDS

During the financial year, the Company paid a dividend of 1% less tax 28%, amounting to RM333,432 in respect of the financial year ended 31st May, 2003.

The Directors propose a first and final dividend of 3% less tax 28%, amounting to RM1,000,296 in respect of the current financial year subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

SHARE CAPITAL

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

DIRECTORS' INTERESTS IN WARRANTS

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

	<u>As at</u> <u>01.06.2003</u>	<u>Acquired</u>	<u>Disposed</u>	<u>As at</u> <u>31.05.2004</u>	
<u>DIRECT INTEREST</u>					
The Company :-					
DATO' SERI CHEW WENG KHAK					
@ CHEW WENG KIAK	1,826,799	45,000	-	1,871,799	*
CHEW CHUON JIN	202,050	-	-	202,050	
DATO' TAN KING TAI @					
TAN KHOON HAI	346,702	-	-	346,702	*
ZAHARA BT. PAWANCIK					
P.P.N., P.J.K.	-	-	-	-	
CHEW CHUON GHEE	74,395	-	-	74,395	
KHAIRILANUAR BIN					
ABDUL RAHMAN	-	-	-	-	

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INDIRECT INTEREST

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

	<u>As at</u> <u>01.06.2003</u>	<u>Acquired</u>	<u>Disposed</u>	<u>As at</u> <u>31.05.2004</u>
CHEW WENG KHAK REALTY SDN. BHD.				
DATO' SERI CHEW WENG KHAK				
@ CHEW WENG KIAK	1,334,079	-	-	1,334,079
CHEW CHUON JIN	1,334,079	-	-	1,334,079
CHEW CHUON GHEE	1,334,079	-	-	1,334,079
TAN KHOON HAI SDN. BHD.				
DATO' TAN KING TAI @				
TAN KHOON HAI	500	-	-	500

* Certain Warrants are held through nominee companies.

DIRECTORS

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

DATO' SERI CHEW WENG KHAK @
 CHEW WENG KIAK
CHEW CHUON JIN
DATO' TAN KING TAI @ TAN KHOON HAI
ZAHARA BT. PAWANCIK
 P.P.N., P.J.K.
NYAK ZAHARI BIN NYAK IBRAHIM (Resigned on 13.8.2004)
CHEW CHUON GHEE
KHAIRILANUAR BIN ABDUL RAHMAN

In accordance with Article 29(2) of the Company's Articles of Association, DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK and DATO' TAN KING TAI @ TAN KHOON HAI 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 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>01.06.2003</u>	<u>Acquired</u>	<u>Disposed</u>	<u>As at</u> <u>31.05.2004</u>
<u>DIRECT INTEREST</u>				
The Company :-				
DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK	8,533,194	206,500	-	8,739,694 *
CHEW CHUON JIN	848,200	-	-	848,200 *
DATO' TAN KING TAI @ TAN KHOON HAI	1,356,809	-	-	1,356,809 *
ZAHARA BT. PAWANCIK P.P.N., P.J.K.	235,520	-	155,520	80,000
CHEW CHUON GHEE	327,580	125,000	-	452,580 *
KHAIRILANUAR BIN ABDUL RAHMAN	-	-	-	-

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>01.06.2003</u>	<u>Acquired</u>	<u>Disposed</u>	<u>As at</u> <u>31.05.2004</u>
CHEW WENG KHAK REALTY SDN. BHD.				
DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK	6,188,797	155,520	-	6,344,317 *
CHEW CHUON JIN	6,188,797	155,520	-	6,344,717 *
CHEW CHUON GHEE	6,188,797	155,520	-	6,344,717 *

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INDIRECT INTEREST (Continued)

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>As at</u>
	<u>01.06.2003</u>	<u>Acquired</u>	<u>Disposed</u>	<u>31.05.2004</u>
TAN KHOON HAI SDN. BHD.				
DATO' TAN KING TAI @ TAN KHOON HAI	2,000	-	-	2,000

* Certain shares are held through nominee companies.

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 financial year, no Director of the Company has received nor become entitled to receive any benefits (other than as disclosed in the notes to the financial statements) by reason of a contract made by the Company or related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest, other than virtue of transactions entered into in the ordinary course of business.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debenture of the Company or any other body corporate.

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OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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OTHER STATUTORY INFORMATION (Continued)

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

In the opinion of the Directors :

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

AUDITORS

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

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

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

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

Penang

Dated: **20TH SEPTEMBER, 2004**

COMPANY NO: 300426 - P

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

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

We, **DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK** and **DATO' TAN KING TAI @ TAN KHOON HAI**, being two of the Directors of **PENSONIC HOLDINGS BERHAD**, state that, in the opinion of the Directors, the accompanying balance sheets, income statements, statements of changes in equity and cash flow statements, together with the notes thereto, are properly drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at **31ST MAY, 2004** and of the results of their operations and the cash flows for the Group and of the Company for the financial year ended on that date.

ON BEHALF OF THE BOARD,

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

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

Dated: **20TH SEPTEMBER, 2004**

COMPANY NO: 300426 - P

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

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

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

Subscribed and solemnly declared by the)

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

Georgetown in the State of **Penang**)

this **20TH** day of **SEPTEMBER, 2004**)

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

BEFORE ME,

COMPANY NO: 300426 - P

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

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

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

In our opinion :-

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of: -
 - i) the state of affairs of the Group and of the Company as at **31ST MAY, 2004** and of the results of the Group and of the Company and cash flow of the Group and of the Company for the financial year then ended; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the Company's financial statements and consolidated financial statements; and

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

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

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

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

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

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

Dated: **20TH SEPTEMBER, 2004**

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

CONSOLIDATED BALANCE SHEET AS AT 31ST MAY, 2004

	NOTE	2004 RM	2003 RM (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	3	31,864,554	27,516,368
Intangible assets	4	35,332	37,761
Goodwill on consolidation		526,646	469,862
		<hr/>	<hr/>
		32,426,532	28,023,991
CURRENT ASSETS			
Inventories	6	50,884,285	46,687,706
Trade receivables	7	32,097,947	28,376,800
Other receivables, deposits and prepayment	8	7,864,945	7,385,009
Amount owing by related companies	9	5,160,347	4,347,172
Fixed deposits, cash and bank balances	11	10,952,627	5,516,195
		<hr/>	<hr/>
		106,960,151	92,312,882
CURRENT LIABILITIES			
Trade payables	12	12,310,434	8,127,921
Other payables, accruals and deposit received	13	4,346,488	2,506,599
Short term borrowings	14	33,743,281	23,549,325
Tax liabilities		178,925	156,679
		<hr/>	<hr/>
		50,579,128	34,340,524
NET CURRENT ASSETS			
		<hr/>	<hr/>
		56,381,023	57,972,358
		<hr/>	<hr/>
		88,807,555	85,996,349
		<hr/>	<hr/>

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

CONSOLIDATED BALANCE SHEET AS AT 31ST MAY, 2004

	NOTE	2004 RM	2003 RM (Restated)
FINANCED BY :-			
SHARE CAPITAL	15	46,310,000	46,310,000
RESERVES	16	40,577,309	37,805,879
SHAREHOLDERS' EQUITY		86,887,309	84,115,879
MINORITY INTEREST		682,626	623,246
LONG TERM AND DEFERRED LIABILITIES :-			
Hire purchase creditors	17	164,918	117,500
Long-term loan	18	-	71,441
Deferred taxation	19	1,072,702	1,068,283
Total Long Term and Deferred Liabilities		1,237,620	1,257,224
		88,807,555	85,996,349

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

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

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MAY, 2004

	NOTE	2004 RM	2003 RM (Restated)
REVENUE	20	151,879,706	120,791,608
COST OF SALES		<u>(122,236,189)</u>	<u>(102,850,991)</u>
GROSS PROFIT		29,643,517	17,940,617
OTHER OPERATING INCOME		368,883	297,969
DISTRIBUTION COSTS		(12,040,130)	(9,291,232)
ADMINISTRATION EXPENSES		<u>(13,729,050)</u>	<u>(11,850,358)</u>
PROFIT/(LOSS) FROM OPERATIONS	21	4,243,220	(2,903,004)
FINANCE COSTS	22	<u>(819,623)</u>	<u>(966,206)</u>
PROFIT/(LOSS) BEFORE TAXATION		3,423,597	(3,869,210)
INCOME TAX EXPENSE	23	<u>(259,355)</u>	<u>(279,041)</u>
PROFIT/(LOSS) AFTER TAXATION		3,164,242	(4,148,251)
PRE-ACQUISITION LOSS		-	125,351
MINORITY INTEREST		<u>(59,380)</u>	91,217
NET PROFIT/(LOSS) FOR THE YEAR		<u><u>3,104,862</u></u>	<u><u>(3,931,683)</u></u>
BASIC EARNINGS/(LOSS) PER SHARE (sen)	24	<u><u>6.70</u></u>	<u><u>(8.49)</u></u>

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

PENSONIC HOLDINGS BERHAD
(300426 - P)
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MAY, 2004

	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, 2002	46,310,000	23,763,721	407,649	4,487,540	8,716,627	6,136,722	89,822,259
Changes in accounting policy							-
- Prior year adjustment (Note 25)	-	-	(20,383)	-	-	(754,018)	(774,401)
As restated	46,310,000	23,763,721	387,266	4,487,540	8,716,627	5,382,704	89,047,858
Dividend for the financial year ended 31st May, 2002 (Note 26)	-	-	-	-	-	(1,000,296)	(1,000,296)
Net loss for the year	-	-	-	-	-	(3,962,689)	(3,962,689)
Changes in accounting policy							
- Prior year adjustment (Note 25)	-	-	-	-	-	31,006	31,006
As restated	-	-	-	-	-	(3,931,683)	(3,931,683)
Balance as at 31st May, 2003	46,310,000	23,763,721	387,266	4,487,540	8,716,627	450,725	84,115,879
Dividend for the financial year ended 31st May, 2003 (Note 26)	-	-	-	-	-	(333,432)	(333,432)
Net profit for the year	-	-	-	-	-	3,104,862	3,104,862
Balance as at 31st May, 2004	46,310,000	23,763,721	387,266	4,487,540	8,716,627	3,222,155	86,887,309

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

PENSONIC HOLDINGS BERHAD
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CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MAY, 2004

	NOTE	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		3,423,597	(3,869,210)
Adjustments for :-			
Allowance for doubtful debts		580,063	952,668
Amortisation of intangible assets			
- Trade mark		13,931	12,411
Amortisation of leasehold land			
and buildings		210,975	228,101
Bad debts written off		232,406	-
Depreciation of property, plant and equipment		1,251,513	1,138,263
Interest expense		831,429	976,593
Gain on disposal of property, plant			
and equipment		(30,291)	-
Interest income		(11,806)	(10,387)
Property, plant and equipment written off		5,443	2
		6,507,260	(571,559)
Operating profit/(loss) before working capital changes		6,507,260	(571,559)
(Increase)/Decrease in inventories		(4,196,579)	10,188,868
Increase in receivables		(10,108,383)	(4,273,534)
Increase/(Decrease) in payables		19,338,388	(277,725)
		11,540,686	5,066,050
Cash generated from operations		11,540,686	5,066,050
Taxes paid		(629,981)	(888,409)
Interest expense		(831,429)	(976,593)
Interest income		11,806	10,387
		10,091,082	3,211,435
Net cash from operating activities		10,091,082	3,211,435
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary's property, plant and equipment		-	(126,807)
Purchase of property, plant and equipment	27	(5,793,026)	(963,833)
Proceeds from disposal of property, plant and			
equipment		53,520	-
Intangible assets applied		(11,502)	(2,647)
** Acquisition of a subsidiary company net of cash acquired		-	(206,800)
		(5,751,008)	(1,300,087)
Net cash used in investing activities		(5,751,008)	(1,300,087)

PENSONIC HOLDINGS BERHAD
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CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MAY, 2004

	NOTE	2004 RM	2003 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of hire purchase creditors		(60,256)	(2,500)
Dividend paid		(333,432)	(1,000,296)
Repayment of term loan		(1,131,299)	(1,040,702)
Net cash used in financing activities		(1,524,987)	(2,043,498)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,815,087	(132,150)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		3,007,976	3,140,126
* CASH AND CASH EQUIVALENTS CARRIED FORWARD		5,823,063	3,007,976
* <u>CASH AND CASH EQUIVALENTS</u>		RM	RM
Cash and bank balances		10,793,941	5,368,305
Fixed deposits with licensed banks		158,686	147,890
Bank overdrafts		(5,020,564)	(2,399,219)
		5,932,063	3,116,976
Less : Fixed deposits pledge to licensed bank		(109,000)	(109,000)
		5,823,063	3,007,976

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

**PENSONIC HOLDINGS BERHAD
(300426 - P)
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**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MAY, 2004**

**** ACQUISITION OF SUBSIDIARY COMPANY**

During the financial year ended 31st May, 2003 the Company acquired Pensonic (H.K.) Corporation Limited. The fair value of the assets acquired and the liabilities assumed were as follows :-

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

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

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

BALANCE SHEET AS AT 31ST MAY, 2004

	NOTE	2004 RM	2003 RM
NON-CURRENT ASSETS			
Property, plant and equipment	3	1	1
Investment in subsidiary companies	5	28,024,705	28,024,705
		28,024,706	28,024,706
CURRENT ASSETS			
Other receivables, deposits and prepayments	8	277,191	270,901
Amounts owing by subsidiary companies	10	51,858,744	53,237,543
Cash at banks	11	2,268,127	32,888
		54,404,062	53,541,332
CURRENT LIABILITIES			
Other payables and accruals	13	115,887	77,873
		115,887	77,873
NET CURRENT ASSETS			
		54,288,175	53,463,459
		82,312,881	81,488,165
Financed by :-			
SHARE CAPITAL	15	46,310,000	46,310,000
RESERVES	16	36,002,881	35,178,165
SHAREHOLDERS' EQUITY		82,312,881	81,488,165

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, 2004**

	NOTE	2004 RM	2003 RM
REVENUE	20	1,950,000	780,000
OTHER OPERATING INCOME		4,000	-
ADMINISTRATION EXPENSES		<u>(250,569)</u>	<u>(292,099)</u>
PROFIT FROM OPERATIONS	21	1,703,431	487,901
INCOME TAX EXPENSE	23	<u>(545,283)</u>	<u>(206,787)</u>
NET PROFIT FOR THE YEAR		<u><u>1,158,148</u></u>	<u><u>281,114</u></u>

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

COMPANY NO: 300426 - P

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MAY, 2004

	Share capital RM	Share premium RM	Revaluation reserve RM	Retained profits RM	Total RM
Balance as at 31st May, 2002	46,310,000	23,763,721	8,130,872	4,002,754	82,207,347
Net profit for the year	-	-	-	281,114	281,114
Dividend for the financial year ended 31st May, 2002 (Note 26)	-	-	-	(1,000,296)	(1,000,296)
Balance as at 31st May, 2003	46,310,000	23,763,721	8,130,872	3,283,572	81,488,165
Net profit for the year	-	-	-	1,158,148	1,158,148
Dividend for the financial year ended 31st May, 2003 (Note 26)	-	-	-	(333,432)	(333,432)
Balance as at 31st May, 2004	<u>46,310,000</u>	<u>23,763,721</u>	<u>8,130,872</u>	<u>4,108,288</u>	<u>82,312,881</u>

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

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MAY, 2004

	2004	2003
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit before working capital changes	1,703,431	487,901
(Increase)/Decrease in receivables	(8,289)	307,409
Increase/(Decrease) in payables	38,014	(3,392)
Cash generated from operations	1,733,156	791,918
Taxes paid	(543,284)	(218,400)
Net cash generated from operating activities	1,189,872	573,518
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances from subsidiary companies	1,378,799	444,294
Net cash generated from investing activities	1,378,799	444,294
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(333,432)	(1,000,296)
Net cash used in from financing activities	(333,432)	(1,000,296)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,235,239	17,516
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	32,888	15,372
* CASH AND CASH EQUIVALENTS CARRIED FORWARD	2,268,127	32,888
* <u>CASH AND CASH EQUIVALENTS</u>	RM	RM
Cash at banks	2,268,127	32,888

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basic of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified to include the revaluation of certain property, plant and equipment of the Group and investments in subsidiaries of the Company unless otherwise indicated in the significant accounting policies and comply with the provisions of the Companies Act, 1965 and approved accounting standards issued by the Malaysian Accounting Standards Board (MASB).

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

1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the 31st May 2004. Subsidiary companies are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

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

COMPANY NO: 300426 - P

1.2 Basis of consolidation (Continued)

The difference between the purchase price and the fair value of the net assets of subsidiary companies at the date of acquisition is treated as goodwill or reserve on consolidation. Goodwill on consolidation is stated at cost less impairment losses if any. Reserve on consolidation are not amortised and will be transferred directly to income statement upon disposal of the subsidiary companies concerned.

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

1.3 Property, plant and equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any. Freehold land is not amortised. Leasehold land and building under construction 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	Straight	
	- line	- line	
	Reducing		
	balance		
Buildings	-	2% - 5%	-
Motor vehicles	20%	20%	20%
Furniture and fittings	10%	5%	-
Office equipments	10%	10%	-
Electrical installation, Renovation	10%	-	-
Fire protection system, Showcase	10%	10%	-
Factory fittings and equipments	12%	10%	-
Moulds, Signboard	10%	10%	-
Tools and equipments	10%	5% - 10%	-
Plant and machinery	10%	10%	-
Computer	50%	50%	-

COMPANY NO: 300426 - P

1.4 Impairment of assets

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

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

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

1.5 Intangible assets

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

1.6 Investments

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

Impairment losses are recognised where applicable.

COMPANY NO: 300426 - P

1.7 Inventories

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

1.8 Receivables

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

1.9 Related companies

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

1.10 Cash and cash equivalents

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

1.11 Payables

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

1.12 Assets acquired under hire purchase agreement

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

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

COMPANY NO: 300426 - P

1.13 Deferred tax liabilities and assets

Deferred tax liabilities and assets are provided for under the liability method using the tax rates that have been enacted or substantially enacted by the balance sheet date in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

1.14 Income Tax Expense

Income tax expense in the financial statements for the financial year comprises current tax expense/(income) and deferred tax expense/(income).

1.15 Provisions

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

1.16 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.

COMPANY NO: 300426 - P

1.16 Revenue and revenue recognition (Continued)

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

All inter-company transactions are eliminated on consolidation.

1.17 Foreign currency transactions

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

The principal closing rate used in the transaction of foreign currency amounts are as follows :

	2004	2003
	RM	RM
1 United States Dollar	3.800	3.800
1 Hong Kong Dollar	0.488	0.485

1.18 Employees benefits

(i) Short term benefits

Salaries, wages, bonuses and social security contributions are recognised as an expense in the financial year in which the services are rendered by the employees of the Company. Non-monetary benefits are charged to the income statement as and when incurred.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees Provident Fund. Such contributions are recognised as an expense in the income statement in the financial year to which they relate.

1.19 Segment information

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

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

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

2. FINANCIAL RISK MANAGEMENT POLICIES

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

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

a) Foreign currency risk

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

3. PROPERTY, PLANT AND EQUIPMENT

GROUP
2004

COST OR VALUATION

	AT 01.06.2003 RM	Adjustments RM	Additions RM	Disposals/ Written off RM	AT 31.05.2004 RM
At valuation :-					
Leasehold land	1,523,532	-	-	-	1,523,532
At cost :-					
Leasehold land and building under construction	-	-	4,106,857	-	4,106,857
Leasehold land and buildings	12,402,523	-	-	-	12,402,523
Freehold land	997,287	-	-	-	997,287
Buildings	10,611,287	-	-	-	10,611,287
Motor vehicles	3,229,442	47,855	449,203	(131,304)	3,595,196
Furniture and fittings	886,895	(96,647)	329,749	(22,191)	1,097,806
Office equipment	903,073	-	162,883	-	1,065,956
Electrical installation	366,680	-	16,039	-	382,719
Renovation	1,877,842	(6,887)	110,458	-	1,981,413
Fire protection system	355,949	-	300	-	356,249
Showcase	66,746	-	-	-	66,746
Factory fittings and equipment	372,189	-	50,155	-	422,344
Moulds	2,975,175	-	479,561	(8,700)	3,446,036
Signboard	171,978	-	4,900	-	176,878
Tools and equipment	360,983	-	81,013	-	441,996
Plant and machinery	330,757	-	20,000	-	350,757
Computer	250,932	-	83,908	-	334,840
	<u>37,683,270</u>	<u>(55,679)</u>	<u>5,895,026</u>	<u>(162,195)</u>	<u>43,360,422</u>

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

	ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	AT 01.06.2003 RM	Charge for the year RM	Disposal RM	AT 31.05.2004 RM	AT 31.05.2004 RM
At valuation :-					
Leasehold land	228,528	25,392	-	253,920	1,269,612
At cost :-					
Leasehold land and building under construction	-	-	-	-	4,106,857
Leasehold land and buildings	1,853,126	210,975	-	2,064,101	10,338,422
Freehold land	-	-	-	-	997,287
Buildings	1,319,222	197,901	-	1,517,123	9,094,164
Motor vehicles	2,283,513	275,353	(112,931)	2,445,935	1,149,261
Furniture and fittings	257,698	116,000	(16,748)	356,950	740,856
Office equipment	635,278	107,640	-	742,918	323,038
Electrical installation	177,055	22,562	-	199,617	183,102
Renovation	752,335	137,789	-	890,124	1,091,289
Fire protection system	196,969	15,942	-	212,911	143,338
Showcase	61,076	569	-	61,645	5,101
Factory fittings and equipment	216,919	25,456	-	242,375	179,969
Moulds	1,560,460	197,803	(3,843)	1,754,420	1,691,616
Signboard	130,244	11,208	-	141,452	35,426
Tools and equipment	110,799	30,748	-	141,547	300,449
Plant and machinery	169,251	17,109	-	186,360	164,397
Computer	214,429	70,041	-	284,470	50,370
	<u>10,166,902</u>	<u>1,462,488</u>	<u>(133,522)</u>	<u>11,495,868</u>	<u>31,864,554</u>

3. PROPERTY, PLANT AND EQUIPMENT

GROUP
2003

COST OR VALUATION

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

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

The net book value of the Group's motor vehicles and furniture and fittings amounting to RM318,965 (2003 : 179,345) are held under hire purchase contracts.

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

**COMPANY
2004**

COST	At	Addition	Disposal	At
	01.06.2003			31.05.2004
	RM	RM	RM	RM
Motor vehicle	393,776	-	-	393,776

ACCUMULATED DEPRECIATION	At	Charge for	Disposal	At	NET BOOK VALUE
	01.06.2003	the year		31.05.2004	At
	RM	RM	RM	RM	31.05.2004
					RM
Motor vehicle	393,775	-	-	393,775	1

**COMPANY
2003**

COST	At	Addition	Disposal	At
	01.06.2002			31.05.2003
	RM	RM	RM	RM
Motor vehicle	393,776	-	-	393,776

ACCUMULATED DEPRECIATION	At	Charge for	Disposal	At	NET BOOK VALUE
	01.06.2002	the year		31.05.2003	At
	RM	RM	RM	RM	31.05.2003
					RM
Motor vehicle	393,775	-	-	393,775	1

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	GROUP	
	2004 RM	2003 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. Pursuant to the transitional provisions of MASB 15, the said assets are stated at their valuation less accumulated depreciation.

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

GROUP	Cost RM	Accumulated Depreciation RM	Net book value RM
2004			
Leasehold land	1,115,883	204,578	911,305
	<u>1,115,883</u>	<u>204,578</u>	<u>911,305</u>
2003			
Leasehold land	1,115,883	185,980	929,903
	<u>1,115,883</u>	<u>185,980</u>	<u>929,903</u>

4. INTANGIBLE ASSETS

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
a) Trade mark :				
Cost				
As at 1st June	99,012	96,365	-	-
Add : Addition during the year	11,502	2,647	-	-
As at 31st May	<u>110,514</u>	<u>99,012</u>	-	-
Accumulated amortisation				
As at 1st June	61,251	48,840	-	-
Add : Amortisation during the year	13,931	12,411	-	-
As at 31st May	<u>75,182</u>	<u>61,251</u>	-	-
As at 31st May	<u>35,332</u>	<u>37,761</u>	-	-

5. INVESTMENT IN SUBSIDIARY COMPANIES

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Unquoted shares				
- at cost	-	-	11,962,962	11,962,962
- at directors valuation	-	-	16,261,743	16,261,743
			28,224,705	28,224,705
Less : Dividend paid out by a subsidiary company out of retained profits after revaluation date	-	-	(200,000)	(200,000)
	-	-	28,024,705	28,024,705

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.

Particulars of the subsidiary companies are as follows :-

<u>Name of company</u>	<u>Principal activities</u>	<u>Effective interest</u>		<u>Country of incorporation</u>
		2004	2003	
Keat Radio Co. Sdn. Bhd.	Manufacturing, assembling and sale of electrical and electronic home appliances	100%	100%	Malaysia
Pensonic Sales & Service Sdn. Bhd.	Assembling and sale of electrical and electronic home appliances	100%	100%	Malaysia
Pensonic Corporation Sdn. Bhd.	Dealing in all kinds of electrical products and operators of licensed manufacturing warehouse	100%	100%	Malaysia
Pensia Electronic Sdn. Bhd.	Manufacturing, assembling, and sale of electrical and electronic home appliances	100%	100%	Malaysia

5. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

<u>Name of company</u>	<u>Principal activities</u>	<u>Effective interest</u>		<u>Country of incorporation</u>
		2004	2003	
Pensia Industries Sdn. Bhd.	Manufacturing, assembling and sale of electrical and electronic home appliances	100%	100%	Malaysia
Pensia Air Conditioners Sdn. Bhd.	Assembling and sales of electrical and electronic product.	100%	100%	Malaysia
Epicson Sales & Service Sdn. Bhd.	Dealing in electronic products and electrical home appliances.	100%	100%	Malaysia
Subsidiaries of Keat Radio Co. Sdn. Bhd.				
Pensonic Industries Sdn. Bhd.	Dealing in electrical and electronics items	60%	60%	Malaysia
Pensonic Part & Services Sdn. Bhd	Dealing in electrical and electronics items	60%	60%	Malaysia
* Pensonic (H.K.) Corporation Limited	Dealing in electrical and electronics items	98%	98%	Hong Kong

* The subsidiary company is not audited by us.

6. INVENTORIES

	GROUP	
	2004	2003
	RM	RM
Raw materials	8,361,660	8,517,716
Finished goods	42,522,625	38,169,990
	<u>50,884,285</u>	<u>46,687,706</u>

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

7. TRADE RECEIVABLES

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
Amounts due :-				
- within 1 year	27,917,580	23,194,547	-	-
- after 1 year	4,766,597	6,134,921	-	-
	32,684,177	29,329,468	-	-
Less : Allowance for doubtful debts	(586,230)	(952,668)	-	-
	32,097,947	28,376,800	-	-

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

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
Bad debts written off	232,406	-	-	-

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
Other receivables, deposits and prepayments	5,945,107	5,862,311	187,289	179,000
Tax recoverable	1,919,838	1,522,698	89,902	91,901
	7,864,945	7,385,009	277,191	270,901

9. AMOUNT OWING BY RELATED COMPANIES

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

10. AMOUNT OWING BY SUBSIDIARY COMPANIES

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

11. FIXED DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
Fixed deposits with licensed banks	158,686	147,890	-	-
Cash and bank balances	10,793,941	5,368,305	2,268,127	32,888
	<u>10,952,627</u>	<u>5,516,195</u>	<u>2,268,127</u>	<u>32,888</u>

Included in the fixed deposits with licensed banks of the Group are fixed deposits RM109,000 (2003 : RM109,000) pledged to licensed bank for banking facilities granted to the Group.

12. TRADE PAYABLES

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

13. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
Other payables	2,842,411	1,389,627	9,004	7,873
Accruals and deposit received	1,440,393	1,086,972	106,883	70,000
Hire purchase creditors (Note 17)	63,684	30,000	-	-
	<u>4,346,488</u>	<u>2,506,599</u>	<u>115,887</u>	<u>77,873</u>

14. SHORT-TERM BORROWINGS - SECURED

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
Bank overdrafts	5,020,564	2,399,219	-	-
Bills payables - secured	28,692,508	20,060,039	-	-
Term loan (Note 18)	30,209	1,090,067	-	-
	<u>33,743,281</u>	<u>23,549,325</u>	<u>-</u>	<u>-</u>

The bank borrowings and other banking facilities bear interest ranging from 1.25% to 2% per annum above the banks' base lending rates and are secured by the followings :-

- i) Legal charges over the certain properties belonging to subsidiary companies as shown in Note 3 (i) to the financial statements.
- ii) Fixed deposits belonging to subsidiary companies as disclosed in Note 11 to the financial statements.
- iii) Fresh Corporate Guarantee by the Company.
- iv) Trade Financing General Agreement.
- v) Trade Financing General Agreement for Islamic Financing.
- vi) Negative pledge.

15. SHARE CAPITAL

	COMPANY	
	2004	2003
	RM	RM
Ordinary shares of RM1 each		
Authorised : -	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid-up :-	<u>46,310,000</u>	<u>43,610,000</u>

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

The details of the Warrants were as follows :-

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

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

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

During the financial year, no warrants were converted into ordinary shares. The number of outstanding warrants as at 31st May, 2004 is 11,345,000 (2003 : 11,345,000).

16. RESERVES

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
	(Restated)			
<u>Non-Distributable :-</u>				
a) Revaluation reserve :				
As at 31st May	387,266	387,266	8,130,872	8,130,872
b) Capital reserve :				
As at 31st May	4,487,540	4,487,540	-	-
c) Share premium :				
As at 31st May	23,763,721	23,763,721	23,763,721	23,763,721
d) Reserve on Consolidation :				
As at 31st May	8,716,627	8,716,627	-	-
<u>Distributable :-</u>				
e) Retained profits				
As at 1st June	450,725	5,413,710	3,283,572	4,002,754
Profit/(Loss) during the year	3,104,862	(3,962,689)	1,158,148	281,114
Dividends	(333,432)	(1,000,296)	(333,432)	(1,000,296)
As at 31st May	3,222,155	450,725	4,108,288	3,283,572
TOTAL RESERVES				
Total reserves at 31st May are analysed as follows :				
Distributable	3,222,155	450,725	4,108,288	3,283,572
Non-distributable	37,355,154	37,355,154	31,894,593	31,894,593
	40,577,309	37,805,879	36,002,881	35,178,165

17. HIRE PURCHASE CREDITORS

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
Amounts payable within :-				
1 year after balance sheet date	63,684	30,000	-	-
More than 1 year but not later than 5 years	164,918	117,500	-	-
	<u>228,602</u>	<u>147,500</u>	<u>-</u>	<u>-</u>

18. TERM LOAN - SECURED

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
Amounts payable within :-				
1 year after balance sheet date	30,209	1,090,067	-	-
More than 1 year but not later than 5 years	-	71,441	-	-
	<u>30,209</u>	<u>1,161,508</u>	<u>-</u>	<u>-</u>

Term loan bears interest ranging from 1.5% to 1.75% per annum above the banks' base lending rates and is secured by charges as mentioned in Note 14.

19. DEFERRED TAXATION

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
As at 1st June		(Restated)	-	-
As restated	1,068,283	-		
As previously reported	-	307,382		
Prior year adjustment (Note 25)	-	743,395	-	-
As restated	1,068,283	1,050,777	-	-
Transfer from income statement	4,419	17,506		
	<u>1,072,702</u>	<u>1,068,283</u>	<u>-</u>	<u>-</u>

As at 31st May, 2004 there were no other temporary differences on which deferred taxation liability has not been provided (2003 : Nil).

20. REVENUE

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
Sale of goods	151,879,706	120,791,608	-	-
Dividend income	-	-	1,950,000	780,000
	<u>151,879,706</u>	<u>120,791,608</u>	<u>1,950,000</u>	<u>780,000</u>

21. PROFIT/(LOSS) FROM OPERATIONS

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

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
		(Restated)		
After charging :-				
Allowance for doubtful debts	580,063	952,668		
Audit fee	79,338	67,500	9,000	9,000
Amortisation of leasehold land and buildings	210,975	228,101	-	-
Amortisation of intangible assets :-				
- Trade mark	13,931	12,411	-	-
Bad debts written off	232,406	-	-	-
Directors' remuneration (Note a)	723,500	671,294	80,000	61,000
Depreciation of property, plant and equipment	1,251,513	1,138,263	-	-
Lease rental for land and building	223,878	-		
Loss on foreign exchange				
- realised	35,551	18,467	-	-
Loss on disposal of property, plant and equipment	1,208	-	-	-
Property, plant and equipment written off	5,443	2	-	-
Research expenses written off	9,953	-		
Rental of premises :-				
- paid to third parties	300,491	446,860	-	-

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

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
	(Restated)			
And crediting :-				
Gain on disposal of property, plant and equipment	31,499	-	-	-
Gross dividend received from subsidiary companies	-	-	1,950,000	780,000
Other income	4,000	33,167	4,000	-
Patent fee received	-	8,386	-	-
Rental received	283,289	180,000	-	-
(a) Directors' remuneration				
Executive Directors				
- salaries	572,000	558,000	-	-
- bonuses	71,500	52,294	-	-
- fees	70,000	44,000	70,000	44,000
Total	713,500	654,294	70,000	44,000
Non-Executive Directors				
- fees	10,000	17,000	10,000	17,000
Total	723,500	671,294	80,000	61,000

	Number of directors			
	2004		2003	
	Executive Directors	Non- Executive Directors	Executive Directors	Non- Executive Directors
<u>Directors of the Group</u>				
Below RM50,000	1	1	2	2
RM50,000 - RM100,000	1	-	-	-
RM100,000 - RM150,000	1	-	1	-
RM150,000 - RM200,000	1	-	1	-
RM200,000 - RM250,000	-	-	-	-
RM250,000 - RM300,000	-	-	1	-
RM300,000 - RM350,000	1	-	-	-

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

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
	(Restated)			
Bank interest	104,705	118,617	-	-
Banker acceptance interest	666,548	716,646		
Term loan interest	50,277	140,873	-	-
Hire purchase interest	9,899	457	-	-
	831,429	976,593	-	-
Fixed deposits interest received	(8,305)	(5,704)	-	-
Other interest	(3,501)	(4,683)	-	-
	819,623	966,206	-	-

23. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
	(Restated)			
Current tax expenses	103,200	141,300	-	-
Under / (Over) provision in prior year	151,736	151,241	(717)	(11,613)
Tax deducted at source	-	-	546,000	218,400
Deferred taxation	4,419	(13,500)	-	-
	259,355	279,041	545,283	206,787

23. INCOME TAX EXPENSE (Continued)

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective tax rate of the Company is as follows :-

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
		(Restated)		
Reconciliation of income tax expense :-				
Profit/(Loss) before taxation	3,423,597	(3,869,210)	1,703,431	487,901
Taxation at Malaysian Statutory tax rate 28% (2003 : 28%)	991,808	(555,956)	-	-
Taxation at Foreign Statutory tax rate 17.50% (2003 : 17.50%)	(42,838)	(320,720)	476,960	136,613
Non-deductible expenses	281,171	251,705	69,040	81,787
Underprovision in prior years	151,736	151,241	(717)	(11,613)
Tax incentive and allowance	(624,517)	(243,628)	-	-
Income not subject to tax	(503,100)	(300)	-	-
Tax losses and capital allowance not recognised	78,095	996,699	-	-
Utilisation of unabsorbed capital allowance	(38,000)	-	-	-
Utilisation of unabsorbed losses	(35,000)	-	-	-
	259,355	279,041	545,283	206,787

23. INCOME TAX EXPENSE (Continued)

The disproportionate tax charge in relation to the results of the Group for the current year is mainly due to available tax reliefs for tax purposes.

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

The Group has tax credit of approximately RM15,921,454 (2003 : RM2,158,595) under Section 108 of the Income Tax Act, 1967 and tax exempt income available for distribution amounting to approximately RM4,023,055 (2003 : RM65,610) to frank the payment of future dividends subject to the agreement by the Inland Revenue Board Malaysia.

As at 31st May, 2004, the Group has a potential deferred tax of approximately RM52,300 (2003 : RM Nil) arising principally from unutilised tax losses and unabsorbed capital allowances carried forward. Deferred tax assets have not been recognised in respect of these items as there is no probability that future income stream will be sufficient to allow the benefit to be realised.

24. BASIC EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share has been calculated on after tax group earnings/(loss) of RM3,104,862 (2003: (RM3,931,683)) and on the number of ordinary shares during the year of 46,310,000 (2003: ordinary shares of 46,310,000).

25. CHANGES IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT

(a) Changes in Accounting Policy

During the financial year, the Group adopted new MASB Standards, namely MASB 25 "Income Taxes" and MASB 29 "Employee Benefits", which became effective during the financial year and accordingly certain accounting policies have been modified. The changes in accounting policy which resulted in prior year adjustment are stated belows :-

i) MASB 25 : Income Taxes

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of material timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the group and the Company have commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

ii) MASB 29 : Employee Benefits

Under MASB 29, Employee Benefits is applied retrospectively. The adoption of this standard has no effect on these financial statements.

25. CHANGES IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT (Continued)

(b) Prior Year Adjustment

The Changes in accounting policy has been applied retrospectively and comparative figures have been restated. The effects of changes in accounting policy is as follows:-

	GROUP	
	2004	2003
	RM	RM
<u>Retained profits</u>		
As at 1st June - As previously reported	1,173,737	6,136,722
Effects of adopting MASB 25	<u>(723,012)</u>	<u>(754,018)</u>
As at 1st June - As restated	<u><u>450,725</u></u>	<u><u>5,382,704</u></u>
<u>Deferred tax liabilities</u>		
As at 1st June - As previously reported	324,888	307,382
Effects of adopting MASB 25	<u>743,395</u>	<u>774,401</u>
As at 1st June - As restated	<u><u>1,068,283</u></u>	<u><u>1,081,783</u></u>
<u>Net loss for the year</u>		
Net loss for the year before changes in accounting policy	-	(3,962,689)
Effects of adopting MASB 25	<u>-</u>	<u>31,006</u>
Net loss for the year - As restated	<u><u>-</u></u>	<u><u>(3,931,683)</u></u>

26. DIVIDEND

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
Final dividend of 3% (2003 : 1%) less tax at 28% in respect of financial year ended 31st May	1,000,296	333,432	1,000,296	333,432

The Board of Directors propose a first and final dividend on ordinary shares of 3% less tax amounting to RM1,000,296 in respect of the current financial year. This dividend is not recognised as a liability at the balance sheet date and will be accounted for as an appropriation of retained profits in the financial year ending 31st May, 2005 when approved by shareholders.

27. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM5,895,026 (2003: RM1,113,833) of which of RM102,000 (2003 : RM150,000) was acquired by terms of hire purchase. Cash payment of RM5,793,026 (2003 : RM963,833) was acquired to purchase property, plant and equipment.

28. CONTINGENT LIABILITIES

	COMPANY	
	2004	2003
	RM	RM
Guarantees given to bankers in respect of bank facilities granted to certain subsidiary companies - unsecured	91,906,000	81,200,000

29. CAPITAL COMMITMENT

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
Contracted but not provided for	6,386,995	523,785	-	-

30. SEGMENT REPORTING

i) Business Segments

The Group operations comprise the following business segments :-

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

2004	Investment Holding RM	Manufacturing and Assembling RM	Trading RM	Elimination RM	Consolidation RM
Revenue					
External revenue	-	27,953,429	123,926,277	-	151,879,706
Inter-Segment revenue	1,950,000	124,567,648	478,069	(126,995,717)	-
Total revenue	1,950,000	152,521,077	124,404,346	(126,995,717)	151,879,706
Result					
Segment result (external)	(246,569)	677,850	3,811,939		4,243,220
Finance costs					(819,623)
Profit before taxation					3,423,597
Income tax expense					(259,355)
Profit after taxation					3,164,242
Minority interest					(59,380)
Net profit for the year					3,104,862

30. SEGMENT REPORTING (Continued)

	Investment Holding RM	Manufacturing and Assembling RM	Trading RM	Consolidation RM
Other information				
Segment assets	2,368,417	77,228,123	57,343,659	136,940,199
Unallocated corporate assets	89,902	1,727,393	102,543	1,919,838
Consolidated total assets	<u>2,458,319</u>	<u>78,955,516</u>	<u>57,446,202</u>	<u>138,860,037</u>
Segment liabilities	115,887	40,377,492	10,071,742	50,565,121
Unallocated corporate liabilities	-	802,602	449,025	1,251,627
Consolidated total liabilities	<u>115,887</u>	<u>41,180,094</u>	<u>10,520,767</u>	<u>51,816,748</u>
Capital expenditure	-	5,340,511	554,515	5,895,026
Depreciation	-	792,625	458,888	1,251,513
Non-cash expenses other than depreciation	-	104,412	938,406	1,042,818

30. SEGMENT REPORTING (Continued)

2003	Investment Holding RM	Manufacturing and Assembling RM	Trading RM	Elimination RM	Consolidation RM (Restated)
Revenue					
External revenue	-	16,782,412	104,009,196	-	120,791,608
Inter-Segment revenue	780,000	92,069,103	406,904	(93,256,007)	-
Total revenue	<u>780,000</u>	<u>108,851,515</u>	<u>104,416,100</u>	<u>(93,256,007)</u>	<u>120,791,608</u>
Result					
Segment result (external)	(292,099)	(1,736,510)	(874,395)		(2,903,004)
Finance costs					<u>(966,206)</u>
Loss before taxation					(3,869,210)
Income tax expense					<u>(279,041)</u>
Loss after taxation					(4,148,251)
Pre-acquisition loss					125,351
Minority interest					<u>91,217</u>
Net loss for the year					<u><u>(3,931,683)</u></u>

30. SEGMENT REPORTING (Continued)

	Investment Holding RM	Manufacturing and Assembling RM	Trading RM	Consolidation RM (Restated)
Other information				
Segment assets	124,889	69,423,756	48,795,668	118,344,313
Unallocated corporate assets	91,901	1,328,104	102,693	1,522,698
Consolidated total assets	216,790	70,751,860	48,898,361	119,867,011
Segment liabilities	77,873	24,364,424	9,930,489	34,372,786
Unallocated corporate liabilities	-	789,483	435,479	1,224,962
Consolidated total liabilities	77,873	25,153,907	10,365,968	35,597,748
Capital expenditure	-	548,910	564,923	1,113,833
Depreciation	-	681,242	457,021	1,138,263
Non-cash expenses other than depreciation	-	128,508	1,064,674	1,193,182

30. SEGMENT REPORTING (Continued)

ii) Geographical Segments

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

	Revenue		Total assets		Capital expenditure	
	2004	2003	2004	2003	2004	2003
	RM	RM	RM	RM	RM	RM
Malaysia	131,194,862	109,833,236	128,970,766	114,714,827	3,252,348	1,052,192
* Outside Malaysia	20,684,844	10,958,372	7,969,433	3,629,486	2,642,678	61,641
	<u>151,879,706</u>	<u>120,791,608</u>	136,940,199	118,344,313	<u>5,895,026</u>	<u>1,113,833</u>
Unallocated assets			<u>1,919,838</u>	<u>1,522,698</u>		
			<u>138,860,037</u>	<u>119,867,011</u>		

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

* Includes various countries across Asia and Middle East.

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	COMPANY	
	2004	2003
	RM	RM
Gross dividend received from subsidiary company :-		
- Pensonic Sales & Service Sdn. Bhd.	1,950,000	780,000
Advances to subsidiary companies :-		
- Keat Radio Co. Sdn. Bhd.	-	872,706
		<hr/> <hr/>

(b) Directors' related transactions

	GROUP	
	2004	2003
	RM	RM
Directors' fee payable to :-		
- Dato' Seri Chew Weng Khak @ Chew Weng Kiak, Mr. Chew Chuon Jin, Mr. Chew Chuon Ghee, Dato' Tan King Tai @ Tan Khoon Hai, Puan Zahara Bt. Pawanchik and Khairilanuar Bin Abdul Rahman	80,000	61,000
Directors' salaries and bonuses :-		
- Dato' Seri Chew Weng Khak @ Chew Weng Kiak, Mr. Chew Chuon Jin, Mr. Chew Chuon Ghee, Dato' Tan King Tai @ Tan Khoon Hai and Puan Zahara Bt. Pawanchik	643,500	610,294
	<hr/> <hr/>	<hr/> <hr/>

31. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

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

	GROUP	
	2004	2003
	RM	RM
Purchase of raw materials from Pensia Plastic Industries Sdn. Bhd.	6,589,606	3,271,777
Electricity charges paid by Pensia Plastic Industries Sdn. Bhd.	338,000	205,900
Factory rental paid by Pensia Plastic Industries Sdn. Bhd.	<u>180,000</u>	<u>180,000</u>

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

32. CORPORATE INFORMATION

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

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

- (b) Employees Information

	2004	2003
	RM	RM
Staff costs	<u>7,436,161</u>	<u>6,097,687</u>

The number of employees for the Group (excluding directors) at the end of the financial year was 487 (2003 : 400).

- (c) The Company is a public limited liability Company, incorporated and domiciled in Malaysia, and listed on the Second Board of Bursa Malaysia Securities Berhad.

33. FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts and estimated fair values of financial instruments of the Group and Company as at 31st May, 2004 are as follows :-

	GROUP		COMPANY	
	Carrying Amounts RM	Fair Value RM	Carrying Amounts RM	Fair Value RM
<u>Financial Assets</u>				
Trade receivables	32,097,947	32,097,947	-	-
Other receivables	4,526,061	4,526,061	-	-
Amount owing by related companies	5,160,347	5,160,347	-	-
Fixed deposits, cash and bank balances	10,952,627	10,952,627	2,268,127	2,268,127
<u>Financial Liabilities</u>				
Trade payables	12,310,434	12,310,434	-	-
Other payables	2,842,411	2,842,411	9,004	9,004
Short term borrowings	33,743,281	33,743,281	-	-

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

a) Fixed deposits, cash and bank balances

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

b) Trade and other receivables and payables

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

c) Borrowings

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

34. COMPARATIVE FIGURES

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

The comparative figures stated are in respect of the year ended 31st May, 2003.

	2003 GROUP	
	As restated RM	As previously reported RM
CONSOLIDATED <u>BALANCE SHEET</u>		
Goodwill on consolidation	469,862	-
CONSOLIDATED STATEMENT <u>OF CHANGES IN EQUITY</u>		
Reserve on consolidation	8,716,627	8,246,765
Revaluation reserve	387,266	407,649
CONSOLIDATED <u>INCOME STATEMENT</u>		
Cost of sales	102,850,991	103,567,637
Gross profit	17,940,617	17,223,971
Finance costs - Banker acceptance interest	966,206	259,947
Other operating income	297,969	308,356

35. DATE OF AUTHORISATION OF ISSUE

The financial statements were authorised for issue by the Board of Directors on 20th September, 2004.