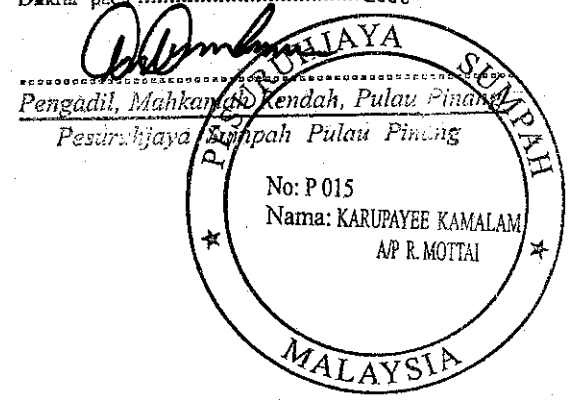


PERKARA
 Inilah Benda bukti bertanda "A"
 yang disebutkan didalam surat ikrar **DA70 SEN1**
CHEW WENG KHAK @ CHEW WENG KIAN
 Dikrar pada **16 SEP 2009**



9 LEBUH KING
 10200 PULAU PINANG

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

FINANCIAL REPORT
for the financial year ended 31 May 2009

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PENSONIC HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No: 300426-P

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

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

RESULTS

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

DIVIDENDS

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

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES OR DEBENTURES

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

EMPLOYEES' SHARE OPTION SCHEME

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

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

PENSONIC HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No: 300426-P

DIRECTORS' REPORT

SHARE WARRANTS

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

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

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

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain whether any current assets which would be unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

PENSONIC HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No: 300426-P

DIRECTORS' REPORT

VALUATION METHOD

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

PENSONIC HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No: 300426-P

DIRECTORS' REPORT

DIRECTORS OF THE COMPANY

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

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

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

	Number of Ordinary Shares of RM0.50 each in the Company					
	Direct Interest			Deemed Interest		
	At 1.6.2008	Bought	(Sold)	At 31.5.2009	At 1.6.2008	At 31.5.2009
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	17,661,088	0	0	17,661,088	13,322,794	13,322,794
Chew Chuon Jin	1,929,100	251,000	0	2,180,100	13,322,794	13,322,794
Chew Chuon Ghee	1,455,500	137,000	0	1,592,500	13,322,794	13,322,794
Dato' Tan King Tai @ Tan Khoon Hai	2,622,618	150,000	(250,000)	2,522,618	4,000	4,000
Dato' Dr. Ku Abdul Rahman Bin Ku Ismail	5,000	0	0	5,000	0	0

	Number of Warrants over Ordinary Shares of RM0.50 each in the Company					
	Direct Interest			Deemed Interest		
	At 1.6.2008	Bought	(Sold)	At 31.5.2009	At 1.6.2008	At 31.5.2009
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	2,145,398	0	0	2,145,398	2,668,158	2,668,158
Chew Chuon Jin	705,300	0	0	705,300	2,668,158	2,668,158
Chew Chuon Ghee	1,328,890	0	0	1,328,890	2,668,158	2,668,158
Dato' Tan King Tai @ Tan Khoon Hai	693,404	0	0	693,404	1,000	1,000

PENSONIC HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No: 300426-P

DIRECTORS' REPORT

DIRECTORS OF THE COMPANY (cont'd)

	Number of Ordinary Shares of RM1.00 each in a Subsidiary, Pensonic Industries Sdn. Bhd.			
	Direct Interest			
	At 1.6.2008	Bought	(Sold)	At 31.5.2009
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	30,000	0	(30,000)	0

	Number of Ordinary Shares of RM1.00 each in a Subsidiary, Pensonic Parts & Service Sdn. Bhd.			
	Direct Interest			
	At 1.6.2008	Bought	(Sold)	At 31.5.2009
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	1	0	0	1
Chew Chuon Jin	50,001	0	0	50,001

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

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

DIRECTORS' BENEFITS

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

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

PENSONIC HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No: 300426-P

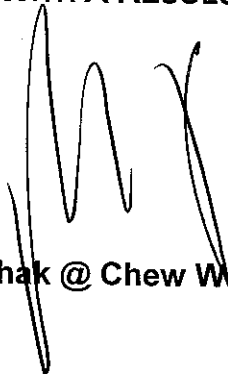
DIRECTORS' REPORT

AUDITORS

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

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

DATED 16 SEP 2009



Dato' Seri Chew Weng Khak @ Chew Weng Kiak



Chew Chuon Jin

PENSONIC HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No: 300426-P

STATEMENT BY DIRECTORS

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

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

DATED 16 SEP 2009

Dato' Seri Chew Weng Khak @ Chew Weng Kiak

Chew Chuon Jin

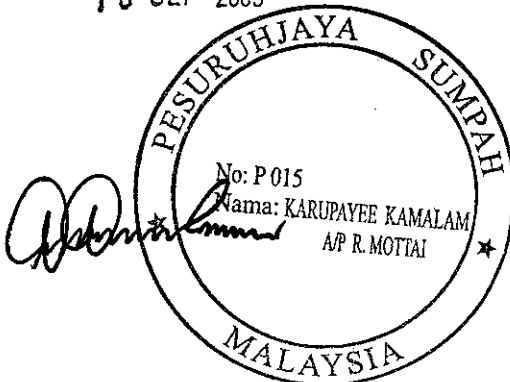
STATUTORY DECLARATION

I, Dato' Seri Chew Weng Khak @ Chew Weng Kiak, being the director primarily responsible for the financial management of Pensonic Holdings Berhad, do solemnly and sincerely declare that the accompanying balance sheets and related statements of income, changes in equity and cash flows and the notes thereto are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Dato' Seri Chew Weng Khak @ Chew
Weng Kiak at Georgetown in the State of
Penang on this 16 SEP 2009

Dato' Seri Chew Weng Khak @
Chew Weng Kiak

Before me



9 LEBUH KING
10200 PULAU PINANG

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PENSONIC HOLDINGS BERHAD**

(Incorporated in Malaysia)
Company No: 300426-P

Report on the Financial Statements

We have audited the financial statements of Pensonic Holdings Berhad ("the Company") and its subsidiaries ("the Group") set out on pages 10 to 53, which comprise the balance sheets as at 31 May 2009, and the income statements, statements of changes in equity and cash flow statements for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PENSONIC HOLDINGS BERHAD (cont'd)**

(Incorporated in Malaysia)
Company No: 300426-P

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

Other Matters

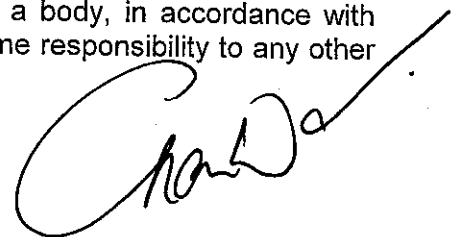
This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Horwath
Firm No: AF 1018
Chartered Accountants

Penang

16 September 2009



Eddy Chan Wai Hun
Approval No: 2182/10/09 (J)
Partner

PENSONIC HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No: 300426-P

CONSOLIDATED BALANCE SHEET AS AT 31 MAY 2009

	Note	2009 RM	2008 RM
NON-CURRENT ASSETS			
Property, plant and equipment	4	29,141,981	28,638,829
Prepaid lease payments	5	9,795,524	9,970,767
Investment property	6	1,324,093	1,334,313
Investments in associates	8	155,480	172,120
Intangible assets	9	1,647,856	1,636,152
Deferred tax assets	10	2,038,485	2,020,350
		<u>44,103,419</u>	<u>43,772,531</u>
CURRENT ASSETS			
Asset held for sale	11	0	418,055
Inventories	12	86,622,628	94,334,242
Trade receivables	13	59,884,399	68,163,306
Other receivables, deposits and prepayments	14	18,927,624	19,697,928
Current tax assets		768,082	1,585,366
Cash and cash equivalents	15	15,333,768	15,694,824
		<u>181,536,501</u>	<u>199,893,721</u>
CURRENT LIABILITIES			
Trade payables	16	32,004,464	42,313,176
Other payables and accruals	17	6,973,409	7,192,135
Hire purchase payables	18	385,091	464,161
Bank borrowings	19	86,823,853	92,766,456
Current tax liabilities		1,423,948	3,146,146
		<u>127,610,765</u>	<u>145,882,074</u>
NET CURRENT ASSETS		53,925,736	54,011,647
NON-CURRENT LIABILITIES			
Deferred tax liabilities	10	1,200,000	1,110,000
Hire purchase payables	18	282,191	650,320
Term loans	20	3,410,199	4,235,596
		<u>4,892,390</u>	<u>5,995,916</u>
NET ASSETS		<u>93,136,765</u>	<u>91,788,262</u>
FINANCED BY:-			
Share capital	21	46,310,000	46,310,000
Reserves		46,144,947	44,541,246
SHAREHOLDERS' EQUITY		<u>92,454,947</u>	<u>90,851,246</u>
Minority interest		681,818	937,016
TOTAL EQUITY		<u>93,136,765</u>	<u>91,788,262</u>

PENSONIC HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No: 300426-P

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

	Note	2009 RM	2008 RM
Revenue	22	279,288,331	321,600,670
Cost of sales		(222,627,288)	(260,803,235)
Gross profit		<u>56,661,043</u>	<u>60,797,435</u>
Other income		2,725,628	1,205,040
Administrative and general expenses		(20,224,160)	(26,340,350)
Selling and distribution expenses		(30,738,115)	(29,127,371)
Finance costs		(4,612,511)	(4,100,658)
Share of losses of associates		(19,640)	(20,267)
Profit before tax	23	<u>3,792,245</u>	<u>2,413,829</u>
Tax expense	25	(1,615,030)	(1,278,088)
Net profit for the year		<u>2,177,215</u>	<u>1,135,741</u>
Attributable to:-			
- Shareholders of the Company		2,229,535	2,461,893
- Minority interest		(52,320)	(1,326,152)
		<u>2,177,215</u>	<u>1,135,741</u>
Earnings per share (sen)	26		
- Basic		2.41	2.66
- Diluted		<u>2.41</u>	<u>2.66</u>

PENSONIC HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No: 300426-P

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

	Non-distributable				Distributable				Total equity RM
	Share capital RM	Share premium RM	Capital reserve RM	Revaluation surplus RM	Currency translation reserve RM	Retained profits RM	Shareholders' equity RM	Minority interest RM	
Balance at 1 June 2007	46,310,000	23,763,721	4,487,540	387,266	66,211	14,963,859	89,978,597	1,320,436	91,299,033
Dividend paid (Note 27)	0	0	0	0	0	(1,690,315)	(1,690,315)	0	(1,690,315)
Acquisition of subsidiaries	0	0	0	0	0	0	0	942,732	942,732
Currency translation differences	0	0	0	0	101,071	0	101,071	0	101,071
Net profit/(loss) for the year	0	0	0	0	0	2,461,893	2,461,893	(1,326,152)	1,135,741
Total recognised income/(expense)	0	0	0	0	101,071	2,461,893	2,562,964	(1,326,152)	1,236,812
Balance at 31 May 2008	46,310,000	23,763,721	4,487,540	387,266	167,282	15,735,437	90,851,246	937,016	91,788,262
Dividend paid (Note 27)	0	0	0	0	0	(868,313)	(868,313)	0	(868,313)
Accretion arising from acquisition of shares from minority shareholders	0	0	0	0	0	198,878	198,878	(202,878)	(4,000)
Currency translation differences	0	0	0	0	43,601	0	43,601	0	43,601
Net profit/(loss) for the year	0	0	0	0	0	2,229,535	2,229,535	(52,320)	2,177,215
Total recognised income/(expense)	0	0	0	0	43,601	2,229,535	2,273,136	(52,320)	2,220,816
Balance at 31 May 2009	46,310,000	23,763,721	4,487,540	387,266	210,883	17,295,537	92,454,947	681,818	93,136,765

The annexed notes form an integral part of these financial statements.

PENSONIC HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No: 300426-P

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

	Note	2009 RM	2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,792,245	2,413,829
Adjustments for:-			
Allowance for doubtful debts		132,000	309,945
Allowance for doubtful debts written back		(169,010)	(36,490)
Amortisation and depreciation		2,576,429	2,480,220
Bad debts written off		210,606	0
Gain on disposal of asset held for sale		(711,945)	0
Gain on disposal of property, plant and equipment		(6,782)	(24,996)
Impairment loss of goodwill		0	48,366
Interest expense		4,612,511	4,100,658
Interest income		(42,245)	(45,287)
Inventories written off		76,840	3,269
Property, plant and equipment written off		20,654	8,497
Share of losses of associates		19,640	20,267
Unrealised (gain)/loss on foreign exchange		(231,017)	316,561
Operating profit before working capital changes		<u>10,279,926</u>	<u>9,594,839</u>
Decrease/(Increase) in inventories		7,634,774	(16,263,877)
Decrease in receivables		9,856,706	2,617,318
Decrease in payables		(10,467,367)	(4,263,701)
Cash generated from/(absorbed by) operations		<u>17,304,039</u>	<u>(8,315,421)</u>
Interest paid		(5,542,438)	(4,647,391)
Interest received		36,884	40,002
Tax paid		(3,309,750)	(3,235,367)
Tax refunded		861,671	177,493
Net cash from/(used in) operating activities		<u>9,350,406</u>	<u>(15,980,684)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of associate		(3,000)	(20,000)
Acquisition of shares from minority shareholders		(4,000)	0
Acquisition of subsidiaries	28	0	(201,886)
Additional investment in associate		0	(114,500)
Disposal of subsidiaries		0	5,783,400
Proceeds from disposal of asset held for sale		1,130,000	0
Proceeds from disposal of property, plant and equipment		19,301	33,869
Purchase of property, plant and equipment	28	(2,902,302)	(1,771,991)
Net cash (used in)/from investing activities		<u>(1,760,001)</u>	<u>3,708,892</u>

PENSONIC HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No: 300426-P

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MAY 2009 (cont'd)

	Note	2009 RM	2008 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease)/Increase in short-term bank borrowings (net)		(6,292,486)	16,954,485
Dividend paid		(868,313)	(1,690,315)
Issue of shares to minority shareholders		0	979,999
Placement of term deposits pledged as security		(2,292,977)	0
Repayment of hire purchase obligations		(466,914)	(478,896)
Repayment of term loans		(733,579)	(684,687)
Term loan raised		400,000	0
Net cash (used in)/from financing activities		<u>(10,254,269)</u>	<u>15,080,586</u>
Currency translation differences		136,425	(187,688)
Net (decrease)/increase in cash and cash equivalents		<u>(2,527,439)</u>	<u>2,621,106</u>
Cash and cash equivalents brought forward		3,507,875	886,769
Cash and cash equivalents carried forward	28	<u>980,436</u>	<u>3,507,875</u>

PENSONIC HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No: 300426-P

BALANCE SHEET As At 31 MAY 2009

	Note	2009 RM	2008 RM
NON-CURRENT ASSETS			
Investments in subsidiaries	7	30,792,513	30,792,513
CURRENT ASSETS			
Amounts owing by subsidiaries	7	41,341,867	40,079,939
Other receivables, deposits and prepayments		179,743	179,000
Current tax assets		144,191	164,523
Cash and cash equivalents	15	21,228	547,231
		<u>41,687,029</u>	<u>40,970,693</u>
CURRENT LIABILITIES			
Amounts owing to subsidiaries	7	147,031	0
Other payables and accruals		94,000	97,000
		<u>241,031</u>	<u>97,000</u>
NET CURRENT ASSETS		<u>41,445,998</u>	<u>40,873,693</u>
NET ASSETS		<u>72,238,511</u>	<u>71,666,206</u>
FINANCED BY:-			
Share capital	21	46,310,000	46,310,000
Reserves		25,928,511	25,356,206
SHAREHOLDERS' EQUITY		<u>72,238,511</u>	<u>71,666,206</u>

PENSONIC HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No: 300426-P

INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

	Note	2009 RM	2008 RM
Revenue	22	2,400,000	2,400,000
Administrative and general expenses		(339,050)	(490,979)
Profit before tax	23	<u>2,060,950</u>	<u>1,909,021</u>
Tax expense	25	(620,332)	(575,810)
Net profit for the year		<u>1,440,618</u>	<u>1,333,211</u>

PENSONIC HOLDINGS BERHAD

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STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

	Share capital RM	<i>Non-distributable</i> Share premium RM	<i>Distributable</i> Retained profits RM	Shareholders' equity RM
Balance at 1 June 2007	46,310,000	23,763,721	1,949,589	72,023,310
Dividend paid (Note 27)	0	0	(1,690,315)	(1,690,315)
Net profit for the year	0	0	1,333,211	1,333,211
Balance at 31 May 2008	<u>46,310,000</u>	<u>23,763,721</u>	<u>1,592,485</u>	<u>71,666,206</u>
Dividend paid (Note 27)	0	0	(868,313)	(868,313)
Net profit for the year	0	0	1,440,618	1,440,618
Balance at 31 May 2009	<u>46,310,000</u>	<u>23,763,721</u>	<u>2,164,790</u>	<u>72,238,511</u>

PENSONIC HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No: 300426-P

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

	Note	2009 RM	2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,060,950	1,909,021
Adjustment for:-			
Dividend income		<u>(2,400,000)</u>	<u>(2,400,000)</u>
Operating loss before working capital changes		(339,050)	(490,979)
Increase in receivables		(1,262,671)	(3,636,902)
Increase/(Decrease) in payables		<u>144,031</u>	<u>(7,000)</u>
Cash absorbed by operations		(1,457,690)	(4,134,881)
Tax refunded		<u>0</u>	<u>38,699</u>
Net cash used in operating activities		(1,457,690)	(4,096,182)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries	28	0	(884,552)
Disposal of subsidiaries		0	5,783,400
Dividend received		1,800,000	1,776,000
Subscription for additional shares in a subsidiary		<u>0</u>	<u>(1,019,999)</u>
Net cash from investing activities		1,800,000	5,654,849
CASH FLOWS FROM FINANCING ACTIVITY			
Dividend paid		<u>(868,313)</u>	<u>(1,690,315)</u>
Net cash used in financing activity		(868,313)	(1,690,315)
Net decrease in cash and cash equivalents		<u>(526,003)</u>	<u>(131,648)</u>
Cash and cash equivalents brought forward		547,231	678,879
Cash and cash equivalents carried forward	15	<u>21,228</u>	<u>547,231</u>

PENSONIC HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No: 300426-P

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

1. GENERAL INFORMATION

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

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

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

The consolidated financial statements set out on pages 10 to 14 together with the notes thereto cover the Company and its subsidiaries ("the Group") and the Group's interest in associates. The separate financial statements of the Company set out on pages 15 to 18 together with the notes thereto cover the Company solely.

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

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

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

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

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

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

PENSONIC HOLDINGS BERHAD

(Incorporated in Malaysia)
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Basis of Consolidation

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

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

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

2.3 Associates

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

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

2.4 Financial Instruments

Recognised Financial Instruments

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

Unrecognised Financial Instruments

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

PENSONIC HOLDINGS BERHAD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial Instruments (cont'd)

Fair Values

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

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

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

2.5 Property, Plant and Equipment

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

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

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

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

2.6 Prepaid Lease Payments

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Investment Property

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

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

2.8 Investments

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

2.9 Intangible Assets

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

2.10 Non-current Asset Held for Sale

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Impairment of Assets

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

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

2.12 Inventories

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

2.13 Receivables

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

2.14 Payables

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Finance Lease

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

2.16 Loans and Borrowings

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

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

2.17 Foreign Currency Transactions and Translation

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Foreign Currency Transactions and Translation (cont'd)

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

2.18 Share Capital

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

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

2.19 Income Recognition

Sale of Goods

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

Dividend Income

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

Interest Income

Interest income is recognised using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 Income Taxes

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

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

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

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

2.21 Employee Benefits

Short-term Employee Benefits

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

Defined Contribution Plans

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.21 Employee Benefits (cont'd)

Equity Compensation Benefits

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

2.22 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

Critical Judgements

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

(i) Allowance for Inventories

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

(ii) Allowance for Doubtful Debts

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (cont'd)

Key Sources of Estimation Uncertainty

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

(i) Depreciation

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

(ii) Impairment of Assets

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

(iii) Income Taxes

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

4. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land RM	Buildings RM	Furniture, fittings and office equipment RM	Plant and machinery RM	Renovation and electrical installation RM	Signboard and showcase RM	Motor vehicles RM	Computer RM	Total RM
At Cost									
Balance at 1 June 2007	308,000	23,328,765	2,365,532	5,589,284	4,740,592	310,037	5,462,061	2,207,668	44,311,939
Acquisition of subsidiaries	0	0	23,498	0	0	0	0	0	23,498
Additions	0	0	210,897	270,125	736,574	6,750	98,790	517,642	1,840,778
Disposals/Write-offs	0	0	(59,342)	0	(49,389)	0	(163,869)	(112,729)	(385,328)
Reclassification	0	0	292,954	(225,730)	10,001	0	(84,903)	7,678	0
Reclassification to asset held for sale (Note 11)	(308,000)	(132,000)	0	0	0	0	0	0	(440,000)
Currency translation differences	0	0	(15,406)	0	0	0	(1,967)	7,230	(10,143)
Balance at 31 May 2008	0	23,196,765	2,818,133	5,633,679	5,437,778	316,787	5,310,113	2,627,489	45,340,744
Additions	0	0	197,865	2,327,056	74,295	5,500	0	317,301	2,922,017
Disposals/Write-offs	0	0	(328,333)	0	0	0	(96,047)	(5,176)	(429,556)
Currency translation differences	0	0	32,899	0	0	0	3,538	2,382	38,819
Balance at 31 May 2009	0	23,196,765	2,720,564	7,960,735	5,512,073	322,287	5,217,604	2,941,996	47,872,024
Accumulated Depreciation									
Balance at 1 June 2007	0	3,887,953	1,331,668	3,223,595	2,104,917	237,480	2,694,534	1,324,766	14,804,913
Acquisition of subsidiaries	0	0	2,350	0	0	0	0	0	2,350
Depreciation	0	406,983	193,712	328,064	377,606	9,237	408,191	570,925	2,294,718
Disposals/Write-offs	0	0	(43,613)	0	(49,389)	0	(163,197)	(111,759)	(367,958)
Reclassification	0	0	89,847	(86,433)	14,182	0	(24,032)	6,436	0
Reclassification to asset held for sale (Note 11)	0	(21,945)	0	0	0	0	0	0	(21,945)
Currency translation differences	0	0	(12,441)	0	0	0	(1,967)	4,245	(10,163)
Balance at 31 May 2008	0	4,272,991	1,561,523	3,465,226	2,447,316	246,717	2,913,529	1,794,613	16,701,915
Depreciation	0	399,963	144,556	296,349	390,136	9,783	395,191	754,988	2,390,966
Disposals/Write-offs	0	0	(297,965)	0	0	0	(96,045)	(2,373)	(396,383)
Currency translation differences	0	0	28,082	0	0	0	3,538	1,945	33,545
Balance at 31 May 2009	0	4,672,954	1,436,176	3,761,575	2,837,452	256,500	3,216,213	2,549,173	18,730,043

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2009**

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Carrying Amount	Freehold land RM	Buildings RM	Furniture, fittings and office equipment RM	Plant and machinery RM	Renovation and electrical installation RM	Signboard and showcase RM	Motor vehicles RM	Computer RM	Total RM
Balance at 1 June 2007	308,000	19,440,812	1,033,864	2,365,689	2,635,875	72,557	2,767,527	882,902	29,507,026
Balance at 31 May 2008	0	18,923,774	1,256,610	2,168,453	2,990,462	70,070	2,396,584	832,876	28,636,829
Balance at 31 May 2009	0	18,523,811	1,284,388	4,199,160	2,674,621	65,767	2,001,391	392,823	29,141,981

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

5. PREPAID LEASE PAYMENTS

The Group

	Long-term leasehold land RM	Short-term leasehold land RM	Total RM
<u>At Cost/Valuation</u>			
Balance at 1 June 2007	9,332,099	2,413,532	11,745,631
Movement during the year	0	0	0
Balance at 31 May 2008	9,332,099	2,413,532	11,745,631
Movement during the year	0	0	0
Balance at 31 May 2009	9,332,099	2,413,532	11,745,631
<u>Representing items:-</u>			
- At cost	9,332,099	890,000	10,222,099
- At valuation	0	1,523,532	1,523,532
	9,332,099	2,413,532	11,745,631
<u>Accumulated Amortisation</u>			
Balance at 1 June 2007	1,032,192	567,430	1,599,622
Amortisation	135,017	40,225	175,242
Balance at 31 May 2008	1,167,209	607,655	1,774,864
Amortisation	135,017	40,226	175,243
Balance at 31 May 2009	1,302,226	647,881	1,950,107
<u>Carrying Amount</u>			
Balance at 1 June 2007	8,299,907	1,846,102	10,146,009
Balance at 31 May 2008	8,164,890	1,805,877	9,970,767
Balance at 31 May 2009	8,029,873	1,765,651	9,795,524

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

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

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6. INVESTMENT PROPERTY

The Group

	Freehold land RM	Leasehold shoplots RM	Buildings RM	Total RM
<u>At Cost</u>				
Balance at 1 June 2007	689,287	630,000	117,379	1,436,666
Movement during the year	0	0	0	0
Balance at 31 May 2008	689,287	630,000	117,379	1,436,666
Movement during the year	0	0	0	0
Balance at 31 May 2009	689,287	630,000	117,379	1,436,666
<u>Accumulated Depreciation</u>				
Balance at 1 June 2007	0	74,576	17,517	92,093
Depreciation	0	8,262	1,998	10,260
Balance at 31 May 2008	0	82,838	19,515	102,353
Depreciation	0	8,262	1,958	10,220
Balance at 31 May 2009	0	91,100	21,473	112,573
<u>Carrying Amount</u>				
Balance at 1 June 2007	689,287	555,424	99,862	1,344,573
Balance at 31 May 2008	689,287	547,162	97,864	1,334,313
Balance at 31 May 2009	689,287	538,900	95,906	1,324,093
<u>Fair Value</u>				
Estimated fair value at 31 May 2008	1,770,000	551,000	100,000	2,421,000
Estimated fair value at 31 May 2009	1,700,000	550,000	100,000	2,350,000

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

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

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

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7. INVESTMENTS IN SUBSIDIARIES

The Company

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

The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Interest Held		Principal Activity
		2009	2008	
Keat Radio Co. Sdn. Bhd.	Malaysia	100%	100%	Manufacture, assembly and sale of electrical and electronic appliances
Pensia Electronic Sdn. Bhd.	Malaysia	100%	100%	Manufacture, assembly and sale of electrical and electronic appliances
Pensia Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacture, assembly and sale of electrical and electronic appliances
Pensonic Sales & Service Sdn. Bhd.	Malaysia	100%	100%	Distribution of electrical and electronic appliances
Cornell Sales & Service Sdn. Bhd.	Malaysia	100%	100%	Distribution of electrical and electronic appliances
Amtek Marketing Services Pte. Ltd.*	Singapore	100%	100%	Distribution of electrical and electronic appliances
Pensonic Corporation Sdn. Bhd.	Malaysia	100%	100%	Provision of management services
Epicson Sales & Service Sdn. Bhd.	Malaysia	100%	100%	Inactive
Pensia Air Conditioners Sdn. Bhd.	Malaysia	100%	100%	Inactive
Microtag Engineering Sdn. Bhd.	Malaysia	51%	51%	Provision of business solutions via the application of AutoID Technology

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7. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Subsidiary	Country of Incorporation	Effective Interest Held		Principal Activity
		2009	2008	
<u>Subsidiaries of Keat Radio Co. Sdn. Bhd.</u>				
Pensonic Industries Sdn. Bhd.	Malaysia	100%	60%	Distribution of electrical and electronic appliances
Pensonic (H.K.) Corporation Limited*	Hong Kong	100%	100%	Trading of electrical and electronic appliances
Pensonic Parts & Service Sdn. Bhd.	Malaysia	60%	60%	Trading and service of parts of electrical and electronic appliances
<u>Subsidiary of Pensonic (H.K.) Corporation Limited</u>				
Pensonic Trading (Shenzhen) Co., Ltd.*	China	100%	100%	Trading of electrical and electronic appliances
<u>Subsidiary of Pensonic Sales & Service Sdn. Bhd.</u>				
Kollektion Distribution Sdn. Bhd.	Malaysia	100%	100%	Distribution of home appliances

* Not audited by Horwath

Acquisition of Minority Interest

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

Amounts Owing By/To Subsidiaries

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

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8. INVESTMENTS IN ASSOCIATES

The Group

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

The details of the associates are as follows:-

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

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

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

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

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

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9. INTANGIBLE ASSETS

The Group

	Goodwill RM	Trademarks RM	Total RM
Balance at 1 June 2007	761,465	870,000	1,631,465
Acquisition of subsidiaries	48,366	0	48,366
Impairment loss	(48,366)	0	(48,366)
Currency translation differences	4,687	0	4,687
Balance at 31 May 2008	766,152	870,000	1,636,152
Currency translation differences	11,704	0	11,704
Balance at 31 May 2009	777,856	870,000	1,647,856

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

10. DEFERRED TAX ASSETS/(LIABILITIES)

The Group

	2009 RM	2008 RM
Balance at 1 June	910,350	(888,000)
Deferred tax (expense)/income relating to origination and reversal of temporary differences	(211,265)	997,010
Deferred tax income relating to differential tax rates	267,400	43,040
Recognition of previously unrecognised deferred tax assets	0	758,300
Deferred tax assets over recognised in prior year	(128,000)	0
Balance at 31 May	838,485	910,350
Disclosed as:-		
- Deferred tax assets	2,038,485	2,020,350
- Deferred tax liabilities	(1,200,000)	(1,110,000)
	838,485	910,350

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10. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

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

	2009 RM	2008 RM
Deductible temporary differences of:-		
- financial instruments	0	79,000
- property, plant and equipment	8,485	6,750
Unused capital allowances	56,000	24,000
Unused tax losses	2,029,000	1,920,600
Taxable temporary differences of:-		
- financial instruments	(58,000)	0
- property, plant and equipment	(1,197,000)	(1,120,000)
	<u>838,485</u>	<u>910,350</u>

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

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

11. ASSET HELD FOR SALE

The Group

	2009 RM	2008 RM
Balance at 1 June	418,055	0
Freehold land and building reclassified from property, plant and equipment (Note 4)	0	418,055
Disposal	(418,055)	0
Balance at 31 May	<u>0</u>	<u>418,055</u>

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

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12. INVENTORIES

The Group

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

13. TRADE RECEIVABLES

The Group

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

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

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

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

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

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group

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

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15. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Term deposits with licensed banks	2,945,840	667,499	0	0
Cash and bank balances	12,387,928	15,027,325	21,228	547,231
	<u>15,333,768</u>	<u>15,694,824</u>	<u>21,228</u>	<u>547,231</u>

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

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

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	8,602,162	13,219,073	21,228	547,231
Hong Kong Dollar	50,917	237,318	0	0
Renminbi	260,317	224,318	0	0
Singapore Dollar	483,780	473,800	0	0
US Dollar	5,936,592	1,540,315	0	0
	<u>15,333,768</u>	<u>15,694,824</u>	<u>21,228</u>	<u>547,231</u>

16. TRADE PAYABLES

The Group

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

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

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

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

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17. OTHER PAYABLES AND ACCRUALS

The Group

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

18. HIRE PURCHASE PAYABLES

The Group

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

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

19. BANK BORROWINGS

The Group

	2009 RM	2008 RM
<u>Unsecured</u>		
Bank overdrafts	5,943,197	5,556,735
Banker acceptances	49,301,589	53,253,803
Current portion of term loan (Note 20)	400,000	0
<u>Secured</u>		
Bank overdrafts	5,483,075	6,011,472
Banker acceptances	22,154,617	27,233,271
Bill payables	1,860,349	0
Trust receipts	878,033	0
Current portion of term loans (Note 20)	802,993	711,175
	<u>86,823,853</u>	<u>92,766,456</u>

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19. BANK BORROWINGS (cont'd)

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

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

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

20. TERM LOANS

The Group

	2009 RM	2008 RM
Unsecured	400,000	0
Secured	4,213,192	4,946,771
	<u>4,613,192</u>	<u>4,946,771</u>
Current portion (Note 19)	(1,202,993)	(711,175)
Non-current portion	<u>3,410,199</u>	<u>4,235,596</u>

Repayment analysis is as follows:-

- not later than one year	1,202,993	711,175
- later than one year and not later than five years	3,368,535	3,373,760
- later than five years	41,664	861,836
	<u>4,613,192</u>	<u>4,946,771</u>

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

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21. SHARE CAPITAL

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

Employees' Share Option Scheme

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

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

Share Warrants

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

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

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

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

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22. REVENUE

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

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

23. PROFIT BEFORE TAX

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before tax is arrived at after charging:-				
Allowance for doubtful debts	132,000	309,945	0	0
Amortisation of prepaid lease payments	175,243	175,242	0	0
Auditors' remuneration				
- current year	148,337	140,483	14,000	14,000
- prior year	11,200	(10,965)	2,000	9,000
Bad debts written off	210,606	0	0	0
Depreciation of:-				
- investment property	10,220	10,260	0	0
- property, plant and equipment	2,390,966	2,294,718	0	0
Directors' remuneration				
- present directors				
- fees	80,000	80,000	80,000	80,000
- other emoluments	1,042,284	1,065,600	0	0
- past directors				
- other emoluments	91,916	207,546	0	0
- directors of subsidiaries				
- other emoluments	468,369	755,614	0	0
Impairment loss of goodwill	0	48,366	0	0
Interest expense	4,612,511	4,100,658	0	0
Inventories written off	76,840	3,269	0	0
Loss on foreign exchange				
- realised	62,733	383,645	0	0
- unrealised	0	316,561	0	0
Property, plant and equipment written off	20,654	8,497	0	0
Rental expense				
- equipment	100,586	76,950	0	0
- premises	1,834,764	1,575,377	0	0
- others	102,766	189,012	0	0

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23. PROFIT BEFORE TAX (cont'd)

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
and crediting:-				
Allowance for doubtful debts written back	169,010	36,490	0	0
Gain on disposal of:-				
- asset held for sale	711,945	0	0	0
- property, plant and equipment	6,782	24,996	0	0
Gain on foreign exchange				
- realised	1,057,711	755,092	0	0
- unrealised	231,017	0	0	0
Interest income	42,245	45,287	0	0
Rental income				
- investment property	41,800	42,200	0	0
- others	120,000	120,000	0	0

24. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short-term employee benefits	17,039,054	17,601,808	80,000	80,000
Defined contribution plans	1,374,454	1,342,672	0	0
	<u>18,413,508</u>	<u>18,944,480</u>	<u>80,000</u>	<u>80,000</u>

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25. TAX EXPENSE

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Tax based on results for the year:-				
Malaysian income tax	1,470,000	2,304,180	600,000	574,000
Overseas income tax	0	22,966	0	0
Deferred tax	(56,135)	(1,040,050)	0	0
	<u>1,413,865</u>	<u>1,287,096</u>	<u>600,000</u>	<u>574,000</u>
Recognition of previously unrecognised deferred tax assets	0	(758,300)	0	0
Tax under/(over) provided in prior years:-				
Malaysian income tax	55,099	751,021	20,332	1,810
Overseas income tax	18,066	(1,729)	0	0
Deferred tax	128,000	0	0	0
	<u>1,615,030</u>	<u>1,278,088</u>	<u>620,332</u>	<u>575,810</u>

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

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

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

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

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26. EARNINGS PER SHARE

The Group

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

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

27. DIVIDEND PAID

The Group and the Company

	2009 RM	2008 RM
Final dividend of 2.5 sen per share, less tax at 27%, in respect of financial year ended 31 May 2007	0	1,690,315
Final dividend of 1.25 sen per share, less tax at 25%, in respect of financial year ended 31 May 2008	868,313	0
	<u>868,313</u>	<u>1,690,315</u>

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

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28. NOTES TO CASH FLOW STATEMENTS

Acquisition of Subsidiaries

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

	The Group	
	2009 RM	2008 RM
Property, plant and equipment	0	21,148
Receivables	0	3,900
Cash and cash equivalents (including bank overdrafts)	0	682,668
Payables	0	(793,346)
Minority interest	0	37,267
Net identifiable liabilities acquired	0	(48,363)
Goodwill	0	48,366
Gross consideration	0	3
Payment for prior year's acquisition	0	884,551
Net consideration paid	0	884,554
Cash and cash equivalents acquired	0	(682,668)
Acquisition of subsidiaries, net of cash acquired	0	201,886

	The Company	
	2009 RM	2008 RM
Gross consideration	0	1
Payment for prior year's acquisition	0	884,551
Net consideration paid	0	884,552

Purchase of Property, Plant and Equipment

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

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28. NOTES TO CASH FLOW STATEMENTS (cont'd)

Cash and Cash Equivalents

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

29. RELATED PARTY DISCLOSURES

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

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Key management personnel compensation				
- short-term employee benefits	1,732,187	2,141,897	80,000	80,000
- defined contribution plans	107,073	117,109	0	0
	<u>1,839,260</u>	<u>2,259,006</u>	<u>80,000</u>	<u>80,000</u>
Dividend received from a subsidiary	0	0	1,800,000	1,776,000
Electricity charges charged to other related party*	308,603	292,000	0	0
Purchase of goods from other related party*	5,256,665	7,084,783	0	0
Purchase of shares in a subsidiary from a director and other related party*	4,000	0	0	0
Rental of premises charged by a director	60,000	85,000	0	0
Rental of premises charged to other related party*	120,000	120,000	0	0
Sale of goods to an associate	1,405,240	1,389,846	0	0
Subscription for shares in a subsidiary	0	0	0	1,019,999

* Being companies in which certain directors have substantial financial interests

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

30. SEGMENT REPORTING

The Group

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

Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise investments in associates, interest-earning assets, interest-bearing liabilities, income tax assets and liabilities and their related income and expenses.

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

Business Segments

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

Geographical Segments

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

	Segment Revenue	
	2009	2008
	RM	RM
Malaysia	208,706,352	218,016,538
Other Asian countries	67,228,540	95,657,627
Africa	3,204,239	576,755
Europe	0	781,365
South America	149,200	6,568,385
	<u>279,288,331</u>	<u>321,600,670</u>

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30. SEGMENT REPORTING (cont'd)

Geographical Segments (cont'd)

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

31. COMMITMENT FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

The Group

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

32. CONTINGENT LIABILITY - UNSECURED

The Company

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

33. FINANCIAL INSTRUMENTS

Recognised Financial Instruments

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

Unrecognised Financial Instruments

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

33. FINANCIAL INSTRUMENTS (cont'd)

Fair Values

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

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

34. FINANCIAL RISK MANAGEMENT

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

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

Currency Risk

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

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

Interest Rate Risk

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

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

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34. FINANCIAL RISK MANAGEMENT (cont'd)

Credit Risk

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

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

Liquidity Risk

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