

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2009 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2009 or fiscal plan year beginning <u>10/01/2007</u> and ending <u>09/30/2008</u>			
A This return/report is for:	☐ a multiemployer plan;	☐ a multiple-employer plan; or	
	☒ a single-employer plan;	☐ a DFE (specify) ____	
B This return/report is:	☐ the first return/report;	☐ the final return/report;	
	☒ an amended return/report;	☐ a short plan year return/report (less than 12 months).	
C If the plan is a collectively-bargained plan, check here.	☐		
D Check box if filing under:	☐ Form 5558;	☐ automatic extension;	☐ the DFVC program;
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a Name of plan <u>PENN FISHING TACKLE MANUFACTURING COMPANY PENSION PLAN</u>	1b Three-digit plan number (PN) ►	<u>006</u>	
	1c Effective date of plan	<u>10/18/1961</u>	
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>K2 INC.</u> <u>3028 WEST HUNTING PARK AVENUE</u> <u>PHILADELPHIA, PA 19132</u>	2b Employer Identification Number (EIN) <u>95-2077125</u>	2c Sponsor's telephone number <u>215-229-9415</u>	2d Business code (see instructions) <u>339900</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>05/25/2010</u>	<u>TONYA JARVIS</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>06/02/2010</u>	<u>JOHN TOLBERT</u>
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2009)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") K2 INC. 3028 WEST HUNTING PARK AVENUE PHILADELPHIA, PA 19132	3b Administrator's EIN 95-2077125
	3c Administrator's telephone number 215-229-9415
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name PENN FISHING TACKLE MANUFACTURING COMPANY	4b EIN 23-1333002 4c PN 001
5 Total number of participants at the beginning of the plan year	5 198
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).	
a Active participants.....	6a 122
b Retired or separated participants receiving benefits.....	6b 11
c Other retired or separated participants entitled to future benefits.....	6c 33
d Subtotal. Add lines 6a , 6b , and 6c	6d 166
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e 4
f Total. Add lines 6d and 6e	6f 170
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h 4
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions: 1A 1G	
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:	

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 10/01/2007 and ending 09/30/2008		
A Name of plan PENN FISHING TACKLE MANUFACTURING COMPANY PENSION PLAN	B Three-digit plan number (PN)	006
C Plan sponsor's name as shown on line 2a of Form 5500 K2 INC.	D Employer Identification Number (EIN) 95-2077125	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	6122	5842
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	4852253	3488596
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	4858375	3494438

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	4858375	3494438
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)	1534	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1534

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-556645
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		-555111

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	703381	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		703381
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	26057	
(2) Contract administrator fees	2i(2)	39742	
(3) Investment advisory and management fees	2i(3)	39646	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		105445
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		808826

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-1363937
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **BKD, LLP**

(2) EIN: **44-0160260**

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		10000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)

5b(3) PN(s)

**Penn Fishing Tackle Manufacturing Company
Amended and Restated Pension Plan**

EIN 23-1333002 PN 001

Accountants' Report and Financial Statements
September 30, 2008 and 2007

Penn Fishing Tackle Manufacturing Company
Amended and Restated Pension Plan
September 30, 2008 and 2007

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Independent Accountants' Report

Plan Administrator
Penn Fishing Tackle Manufacturing Company
Amended and Restated Pension Plan
Boca Raton, Florida

We were engaged to audit the accompanying statements of net assets available for benefits of Penn Fishing Tackle Manufacturing Company Amended and Restated Pension Plan as of September 30, 2008 and 2007, and the related statements of changes in net assets available for benefits for the years then ended and the accompanying supplemental schedule. These financial statements and schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, auditing procedures with respect to the information summarized in Note 3, which was certified by Branch Banking and Trust Company and New York Life Trust Company, the trustees of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan Administrator that New York Life Trust Company held the Plan's investment assets and executed investment transactions as of September 30, 2008 and 2007 and from February 15, 2007 to September 30, 2008 and that Branch Banking and Trust Company held the Plan's investment assets and executed investment transactions for the period of October 1, 2007 to February 14, 2007. The Plan Administrator has obtained certifications from the trustees as of and for the years ended September 30, 2008 and 2007, that the information provided to the Plan Administrator by the trustees is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and schedule taken as a whole. The form and content of the information included in the financial statements and schedule, other than that derived from the information certified by the trustees, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

BKD_{LLP}

Indianapolis, Indiana
July 10, 2009

Federal Employer Identification Number: 44-0160260

Penn Fishing Tackle Manufacturing Company

Amended and Restated Pension Plan

Statements of Net Assets Available for Benefits
September 30, 2008 and 2007

Assets

	<u>2008</u>	<u>2007</u>
Investments, at fair value	\$ 3,488,596	\$ 4,852,253
Receivable	22,373	-
Cash	<u>5,842</u>	<u>6,122</u>
Total assets	<u>3,516,811</u>	<u>4,858,375</u>

Liabilities

Accrued expenses	<u>3,200</u>	<u>35,427</u>
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Net Assets Available for Benefits

<u>\$ 3,513,611</u>	<u>\$ 4,822,948</u>
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Penn Fishing Tackle Manufacturing Company

Amended and Restated Pension Plan

Statements of Changes in Net Assets Available for Benefits Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Investment Income		
Interest and dividends	\$ 301,894	\$ 137,443
Net appreciation (depreciation) in fair value of investments	(858,539)	532,695
Other income	1,534	4,099
Total	<u>(555,111)</u>	<u>674,237</u>
Deductions		
Benefits paid to participants	703,381	1,544,675
Administrative expenses	50,845	105,789
Total	<u>754,226</u>	<u>1,650,464</u>
Net Decrease	(1,309,337)	(976,227)
Net Assets Available for Benefits, Beginning of Year	<u>4,822,948</u>	<u>5,799,175</u>
Net Assets Available for Benefits, End of Year	<u><u>\$ 3,513,611</u></u>	<u><u>\$ 4,822,948</u></u>

Penn Fishing Tackle Manufacturing Company Amended and Restated Pension Plan

**Notes to Financial Statements
September 30, 2008 and 2007**

Note 1: Description of the Plan

The following description of the Penn Fishing Tackle Manufacturing Company Amended and Restated Pension Plan (Plan) provides only general information. Additional information about the vesting and benefit provisions and the Pension Benefit Guarantee Corporation's (PBGC) benefit guarantee is contained in the Plan Document and *Summary Plan Description*, which are available from the Plan Administrator.

General

The Plan is a non-contributory defined-benefit plan covering all eligible employees of the Plan Sponsor, Penn Fishing Tackle Manufacturing Company (Company). Union employees and individuals classified as sales representatives and special consultants are excluded from Plan participation. On January 16, 2007, the Company was purchased by K2 Inc. (K2). All powers delegated to the Company by the Plan were transferred to K2 on that date. During 2007, the Employer was acquired by Jarden Corporation, which resulted in a change of ownership of the Plan Sponsor.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Branch Banking and Trust Company was the trustee of the Plan for a portion of 2007. Effective February 15, 2007, New York Life Trust Company became the trustee of the Plan.

Effective May 31, 2007, the Plan was amended to cease participation in the Plan and suspend further benefit accruals.

Contributions

Company contributions are the amounts that are necessary to provide assets sufficient to meet the benefits to be paid to Plan members. The Company's present intention is to make contributions in amounts sufficient to annually fund the Plan's current service cost and the initial past-service costs plus interest over a period of 25 years. The Plan has met the minimum funding requirements established by the federal government. The Company made no contribution for the 2008 and 2007 Plan years.

Pension Benefits

Benefits under the Plan are based on employees' average compensation for five years nearest retirement. Normal retirement age for Plan benefits is 65 with five years of service. Participants may elect to receive reduced benefits upon early retirement at age 60, provided that they have at least five years of service with the Company. Accrued benefits are payable as an annuity over the participant's lifetime or as a qualified joint and one-half survivor annuity. Participants may elect to receive the portion of the accrued benefits attributable to the participant's contributions in the form of a lump sum payment.

Penn Fishing Tackle Manufacturing Company Amended and Restated Pension Plan

**Notes to Financial Statements
September 30, 2008 and 2007**

Death and Disability Benefits

The spouse of a participant will receive a 50% survivor annuity, as defined in the Plan, upon the death of the participant with five years of service. The surviving spouse annuity is equal to 50% of the participant's monthly benefit. This benefit is immediately payable to the spouse if the participant was already receiving benefits. If the participant was not already receiving benefits, payments to the spouse may commence as of the earliest date the participant would have received benefits. Employees who become totally and permanently disabled after completion of five years of service are entitled to receive monthly pension benefits, as defined in the Plan.

Vesting

Eligible employees are fully vested upon completion of five years of qualifying service.

Plan Termination

In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, generally to provide the following benefits in the order indicated:

- (A) Benefits attributable to employee contributions, taking into account those paid out before termination.
- (B) Annuity benefits that former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan.
- (C) Other vested benefits insured by the (PBGC) up to the applicable limitations discussed below.
- (D) Vested benefits not insured by the PBGC.
- (E) All nonvested benefits.

Certain benefits under the Plan are insured by the PBGC if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling, which is adjusted periodically, on the amount of an individual's monthly benefit that the PBGC guarantees.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the Plan Sponsor and the level of benefits guaranteed by the PBGC.

Penn Fishing Tackle Manufacturing Company Amended and Restated Pension Plan

**Notes to Financial Statements
September 30, 2008 and 2007**

Note 2: Summary of Significant Accounting Policies

Method of Accounting

The accompanying financial statements are prepared on the accrual method of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

Valuation of Investments and Income Recognition

Marketable securities are stated at fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the Plan year; investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and ask prices.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Accumulated Plan Benefits

Accumulated plan benefits (see Note 4) are those estimated future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to:

- a. Retired or terminated employees or their beneficiaries.
- b. Present employees or their beneficiaries.

Benefit payments to participants are reported upon distribution.

Plan Tax Status

The Plan obtained its latest determination letter on May 13, 2003, in which the Internal Revenue Service stated that the Plan and related trust, as then designed, were in compliance with the applicable requirements of the Internal Revenue Code and, therefore, not subject to tax. The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes that the Plan and related trust are currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

Penn Fishing Tackle Manufacturing Company

Amended and Restated Pension Plan

Notes to Financial Statements
September 30, 2008 and 2007

Administrative Expenses

Administrative expenses may be paid by the Company or the Plan, at the Company's discretion.

Note 3: Investments

The Plan's investments are held by the trustee. The Plan's investments (including investments bought, sold and held during the year) appreciated (depreciated) in fair value as follows:

		2008	
		Net Depreciation in Fair Value During Year	Fair Value at End of Year
Investments at Fair Value as Determined by Quoted Prices in an Active Market			
Mutual funds		\$ (858,539)	\$ 2,994,983
Investments at Cost Which Approximates Market			
Money market fund		-	493,613
		<u>\$ (858,539)</u>	<u>\$ 3,488,596</u>
		2007	
		Net Appreciation (Depreciation) in Fair Value During Year	Fair Value at End of Year
Investments at Fair Value as Determined by Quoted Prices in an Active Market			
U.S. Treasury and federal agency securities		\$ (20,158)	\$ -
Corporate obligations		(6,880)	-
Common stocks		298,495	-
Investments at Cost Which Approximates Market			
Mutual funds		261,238	4,372,420
Money market fund		-	479,833
		<u>\$ 532,695</u>	<u>\$ 4,852,253</u>

Penn Fishing Tackle Manufacturing Company

Amended and Restated Pension Plan

Notes to Financial Statements September 30, 2008 and 2007

The fair value of individual investments that represented 5% or more of the Plan's assets were as follows:

	2008	2007
MainStay S&P 500 Index Fund I	\$ 224,833	\$ 358,226
PIMCO Total Return Institutional	575,523	662,634
PIMCO Real Return Institutional	335,956	384,081
The Investment Company of America R5	376,777	593,203
The Growth Fund of America R5	327,739	508,908
AllianceBern Value Advanced	253,416	462,396
Royce Premier Fund Investment	188,779	250,599
Cadogan Alternative Strategies Fund Ltd.	493,613	471,637

Interest and dividends realized on the Plan's investments for the years ended September 30, 2008 and 2007 were \$301,894 and \$137,443, respectively.

Note 4: Accumulated Plan Benefits

The actuarial present value of accumulated plan benefits was determined by an actuary and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

The accumulated plan benefit information as of October 1, 2007 and 2006 was as follows:

	2007	2006
Actuarial present value of accumulated plan benefits		
Vested benefits		
Participants currently receiving payments	\$ 472,387	\$ 566,312
Other participants	3,751,989	4,320,947
	4,224,376	4,887,259
Nonvested benefits	136,875	89,349
Total actuarial present value of accumulated plan benefits	\$ 4,361,251	\$ 4,976,608

Penn Fishing Tackle Manufacturing Company

Amended and Restated Pension Plan

Notes to Financial Statements
September 30, 2008 and 2007

Changes in the actuarial present value of accumulated plan benefits were as follows:

	<u>2007</u>	<u>2006</u>
Actuarial present value of accumulated plan benefits, beginning of year	\$ 4,976,608	\$ 4,736,748
Increase (decrease) during the year attributable to plan amendment		
Change in actuarial assumptions (mortality basis)	99,586	424,024
Benefits accumulated (net of actuarial gain)	535,382	2,308,416
Increase for interest due to the decrease in the discount period	294,350	237,631
Benefits paid	(1,544,675)	(2,730,211)
Net increase (decrease)	<u>(615,357)</u>	<u>239,860</u>
Actuarial present value of accumulated plan benefits, end of year	<u>\$ 4,361,251</u>	<u>\$ 4,976,608</u>

Significant assumptions underlying the actuarial computations are:

- Assumed rate of return on investments: 7.0%
- Mortality basis: RP 2000 Generational Mortality Table for Employees and Healthy and Disabled Annuitants for 2007
RP 2000 Mortality Table for Employees and Healthy and Disabled Annuitants for 2006
- Retirement: At normal retirement age 65 or age at the valuation date if later
- Form of payment: Lump sum payment

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits. It is at least reasonably possible that the actuarial assumptions used to calculate accumulated plan benefits will change in the near term, and that the effect of such change could be significant.

Penn Fishing Tackle Manufacturing Company

Amended and Restated Pension Plan

Notes to Financial Statements
September 30, 2008 and 2007

Note 5: Party-in-Interest Transactions

Party-in-interest transactions include those with fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer whose employees are covered by the Plan, an employee organization whose members are covered by the Plan, a person who owns 50 percent or more of such an employer or employee association, or relatives of such persons.

The Plan invested in a money market fund managed by the previous Plan trustee. Trust services paid by the Plan to the trustees were \$16,636 and \$26,804 for 2008 and 2007, respectively. PBGC premiums paid were \$7,440 for 2007. In addition, other administrative and actuarial fees paid during 2008 and 2007 totaled \$56,582 and \$71,544. A refund of fees from the investment advisor has been recorded as a receivable as of September 30, 2008 totaling \$22,373.

The Company provides certain administrative services at no cost to the Plan.

Note 6: Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at September 30, 2008 and 2007, to Form 5500:

	<u>2008</u>	<u>2007</u>
Net assets available for benefits per the financial statements	\$ 3,513,611	\$ 4,822,948
Accounts receivable not recorded on Form 5500	22,373	-
Accounts payable not accrued on Form 5500	<u>3,200</u>	<u>35,427</u>
Net assets available for benefits per Form 5500	<u>\$ 3,494,438</u>	<u>\$ 4,858,375</u>

The following is a reconciliation of administrative expenses per the financial statements for the years ended September 30, 2008 and 2007, to Form 5500:

	<u>2008</u>	<u>2007</u>
Administrative expenses per the financial statements	\$ 50,845	\$ 105,789
Less: Administrative expenses accrued at end of year	3,200	35,427
Add: Administrative expenses accrued at beginning of year	35,427	6,560
Add: Administrative expenses refunded during following year	<u>22,373</u>	<u>-</u>
Administrative expenses per the Form 5500	<u>\$ 105,445</u>	<u>\$ 76,922</u>

Penn Fishing Tackle Manufacturing Company Amended and Restated Pension Plan

**Notes to Financial Statements
September 30, 2008 and 2007**

Note 7: Risk and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

During 2005, an actuarial firm discovered two Amendments to the Plan which may have disproportionately favored highly compensated employees and could affect the Plan's qualified status. The Plan Administrator has indicated its intention to determine if the applicable discrimination testing under the Code was properly performed. If the Plan did not pass the applicable discrimination tests, the Plan may elect to enter the IRS' Employee Plans Compliance Resolution System. Entering such a program may result in payment of additional benefits to other Plan participants or other penalties.

The current economic environment presents employee benefit plans with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments. The financial statements have been prepared using values and information currently available to the Plan.

Given the volatility of current economic conditions, the values of assets recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values that could negatively impact the Plan.

Note 8: Subsequent Events

Decline in Fair Value of Investments

Through the end of May 2009, the fair value of the Plan's investments in marketable securities declined by approximately 12.5% (or \$436,000).

Supplemental Schedule

Penn Fishing Tackle Manufacturing Company

Amended and Restated Pension Plan

EIN 23-1333002 PN 001

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
September 30, 2008

(a)(b) Identity of Issuer	(c) Description of Investment	(d) Cost	(e) Current Value
Mutual Funds			
MainStay S&P 500 Index Fund I	8,245 shares	\$ 277,086	\$ 224,833
Dodge & Cox International Stock Fund	2,919 shares	133,974	96,861
PIMCO Total Return Institutional	55,985 shares	582,093	575,523
PIMCO Real Return Institutional	32,118 shares	343,822	335,956
PIMCO Diversified Income Fund Inst	11,896 shares	132,138	114,317
PIMCO Foreign Bond Unhedged Inst	12,534 shares	126,837	120,456
PIMCO All Asset Fund Institutional	6,621 shares	84,244	75,152
The Investment Company of America R5	14,447 shares	492,663	376,777
The Growth Fund of America R5	12,138 shares	409,018	327,739
American EuroPacific Growth R5	3,472 shares	168,722	130,392
AllianceBern Value Advanced	26,845 shares	392,274	253,416
AllianceBern International Value Adv	5,082 shares	118,756	74,607
Royce Premier Fund Investment	11,836 shares	218,395	188,779
Wasatch Small Cap Value Fund	18,400 shares	89,619	51,889
Wasatch Core Growth Fund	1,830 shares	75,267	48,286
		3,644,908	2,994,983
Money Market Funds			
Cadogan Alternative Strategies Fund Ltd	493,613 shares	493,613	493,613
		\$ 4,138,521	\$ 3,488,596

Penn Fishing Tackle Manufacturing Company

Amended and Restated Pension Plan

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Money Market Funds			
Cadogan Alternative Strategies Fund Ltd	493,613 shares	493,613	493,613
		\$ 4,138,521	\$ 3,488,596