

P.I.E. INDUSTRIAL BERHAD (COMPANY NO. : 424086-X)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2011

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|------|--|--|--|---|
| | | CURRENT YEAR QUARTER 30.09.2011 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30.09.2010 RM'000 | CURRENT YEAR TO DATE 30.09.2011 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30.09.2010 RM'000 |
| Revenue | 8 | 94,508 | 71,778 | 260,679 | 213,523 |
| Cost of sales | | <u>(80,361)</u> | <u>(62,697)</u> | <u>(225,024)</u> | <u>(181,236)</u> |
| Gross profit | | 14,147 | 9,081 | 35,655 | 32,287 |
| Administrative and distribution expenses | | (4,870) | (4,735) | (15,212) | (14,791) |
| Other operating income/(expenses) | | 996 | 1,458 | 5,415 | 887 |
| Income from other investments | | 917 | 897 | 2,617 | 2,612 |
| Finance costs | | (5) | 0 | (5) | 0 |
| Share of results in jointly controlled entity | | <u>(157)</u> | <u>0</u> | <u>(157)</u> | <u>0</u> |
| Profit before tax | 8 | 11,028 | 6,701 | 28,313 | 20,995 |
| Income tax expense | 18 | <u>(2,188)</u> | <u>(1,529)</u> | <u>(6,066)</u> | <u>(4,570)</u> |
| Profit for the period | | <u>8,840</u> | <u>5,172</u> | <u>22,247</u> | <u>16,425</u> |
| Other comprehensive income, net of tax | | | | | |
| Currency translation differences | | <u>1,757</u> | <u>405</u> | <u>195</u> | <u>(424)</u> |
| Other comprehensive income, net of tax | | <u>1,757</u> | <u>405</u> | <u>195</u> | <u>(424)</u> |
| Total comprehensive income for the period | | <u>10,597</u> | <u>5,577</u> | <u>22,442</u> | <u>16,001</u> |
| Basic earnings per ordinary share (sen) | 26 | <u>13.816</u> | <u>8.082</u> | <u>34.771</u> | <u>25.667</u> |
| Diluted earnings per ordinary share (sen) | 26 | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial report.

P.I.E. INDUSTRIAL BERHAD (COMPANY NO. : 424086-X)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011

| | UNAUDITED AS AT 30.09.2011 | AUDITED AS AT 31.12.2010 |
|--|-------------------------------|-----------------------------|
| Note | RM'000 | RM'000 |
| ----- | ----- | ----- |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 9 | 42,234 |
| Investment properties | | 32,625 |
| Prepaid lease payments | | 27,444 |
| Goodwill on consolidation | | 12,495 |
| Investment in jointly controlled entity | | 1,722 |
| Deferred tax assets | | 215 |
| | | 2,885 |
| Total non-current assets | | <u>86,995</u> |
| Current assets | | |
| Inventories | | 45,223 |
| Trade and other receivables | | 27,073 |
| Available-for-sale financial assets | | 108,946 |
| Other financial assets | | 71,546 |
| Current tax assets | | 505 |
| Other assets | | 0 |
| Restricted cash | | 200 |
| Short-term deposits with licensed banks | | 6,185 |
| Cash and bank balances | | 937 |
| | | 1,222 |
| | | 2,101 |
| | | 57 |
| | | 57 |
| | | 71,385 |
| | | 75,195 |
| | | 16,366 |
| | | 27,921 |
| Total current assets | | <u>249,889</u> |
| | | <u>205,030</u> |
| TOTAL ASSETS | | <u>336,884</u> |
| | | <u>282,533</u> |
| EQUITY AND LIABILITIES | | |
| Capital and reserves attributable to equity holders of the Company | | |
| Share capital | | 64,007 |
| Less: Treasury Shares, at Cost | | 64,007 |
| Reserves | | (100) |
| Retained Earnings | | 33,282 |
| | | 33,382 |
| | | 141,943 |
| | | 136,196 |
| Total equity | | <u>239,132</u> |
| | | <u>233,486</u> |
| Non-current liabilities | | |
| Deferred tax liabilities | | 4,234 |
| | | 4,332 |
| Current liabilities | | |
| Short-term borrowings | | 12,287 |
| Trade and other payables | | 0 |
| Current tax liabilities | | 73,131 |
| | | 43,587 |
| | | 8,100 |
| | | 1,128 |
| Total current liabilities | | <u>93,518</u> |
| | | <u>44,715</u> |
| Total liabilities | | <u>97,752</u> |
| | | <u>49,047</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>336,884</u> |
| | | <u>282,533</u> |
| NET ASSETS | | 239,132 |
| | | 233,486 |
| NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RM) | | |
| | | 3.74 |
| | | 3.65 |

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial report.

P.I.E. INDUSTRIAL BERHAD (424086-X)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2011

| | <u>Share Capital</u> RM'000 | <u>Treasury Shares</u> RM'000 | <u>Non- distributable</u> RM'000 | <u>Distributable Retained profits</u> RM'000 | <u>Total</u> RM'000 |
|--|------------------------------------|--------------------------------------|---|---|------------------------|
| Period ended 30 September 2010 | | | | | |
| Balance as of 1 January 2010 | 64,007 | (40) | 31,616 | 127,021 | 222,604 |
| Net profit for the period | 0 | 0 | 0 | 16,425 | 16,425 |
| Exchange difference on translation of net investment in foreign subsidiaries | 0 | 0 | (424) | 0 | (424) |
| Total comprehensive income for the period | 0 | 0 | (424) | 16,425 | 16,001 |
| Transfer due to realisation of revaluation reserve | 0 | 0 | (227) | 227 | 0 |
| Buy-back of ordinary shares | 0 | (20) | 0 | 0 | (20) |
| Dividends | 0 | 0 | 0 | (16,799) | (16,799) |
| Balance as of 30 September 2010 | <u>64,007</u> | <u>(60)</u> | <u>30,965</u> | <u>126,874</u> | <u>221,786</u> |
| Period ended 30 September 2011 | | | | | |
| Balance as of 1 January 2011 | 64,007 | (99) | 33,382 | 136,196 | 233,486 |
| Net profit for the period | 0 | 0 | 0 | 22,247 | 22,247 |
| Exchange difference on translation of net investment in foreign subsidiaries | 0 | 0 | 195 | 0 | 195 |
| Total comprehensive income for the period | 0 | 0 | 195 | 22,247 | 22,442 |
| Transfer due to realisation of revaluation reserve | 0 | 0 | (295) | 295 | 0 |
| Buy-back of ordinary shares | 0 | (1) | 0 | 0 | (1) |
| Dividends | 0 | 0 | 0 | (16,795) | (16,795) |
| Balance as of 30 September 2011 | <u>64,007</u> | <u>(100)</u> | <u>33,282</u> | <u>141,943</u> | <u>239,132</u> |

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial report.

P.I.E. INDUSTRIAL BERHAD (424086-X)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2011

| | 9 months ended | |
|---|-----------------|-----------------|
| | 30.09.2011 | 30.09.2010 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the period | 22,247 | 16,425 |
| Adjustments for: | | |
| Income tax expense | 6,066 | 4,570 |
| Non-cash items | 6,666 | 3,431 |
| Non-operating items | (723) | (1,700) |
| Operating profit before working capital changes | <u>34,256</u> | <u>22,726</u> |
| Changes in working capital: | | |
| Net change in current assets | (57,257) | (18,670) |
| Net change in current liabilities | 29,357 | (1,843) |
| Cash generated from operations | <u>6,356</u> | <u>2,213</u> |
| Tax refunded | 0 | 930 |
| Tax paid | (4,737) | (4,357) |
| Net cash generated from/(used in) operating activities | <u>1,619</u> | <u>(1,214)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 876 | 992 |
| Proceeds from disposal of property, plant and equipment | 127 | 0 |
| Purchase of property, plant and equipment | (13,271) | (4,323) |
| Cost of service of Investment Property | 0 | (556) |
| Purchase of investment in income funds | (505) | 0 |
| Net cash used in investing activities | <u>(12,773)</u> | <u>(3,887)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid | (16,795) | (16,799) |
| Repurchase of treasury shares | (1) | (20) |
| Bank balances held as security | 0 | 1 |
| Proceed from bank borrowings | 15,061 | 0 |
| Repayment of bank borrowings | (2,774) | 0 |
| Interest paid | (5) | 0 |
| Net cash used in financing activities | <u>(4,514)</u> | <u>(16,818)</u> |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | <u>(15,668)</u> | <u>(21,919)</u> |
| Effect of foreign exchange rate differences | 303 | (391) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | <u>103,116</u> | <u>119,896</u> |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>87,751</u> | <u>97,586</u> |
| REPRESENTED BY:- | | |
| Short-term deposits with licensed banks | 71,385 | 77,258 |
| Cash and bank balances | <u>16,366</u> | <u>20,328</u> |
| | <u>87,751</u> | <u>97,586</u> |

The Unaudited Condensed Consolidated Statement of Cash Flowsshould be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial report.

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2011

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134, INTERIM FINANCIAL REPORTING

1 Basis of Preparation

The unaudited interim financial report has been prepared in accordance with the requirements of Chapter 9, Continuing Disclosure, Paragraph 9.22 of the Main Market Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and in compliance with Financial Reporting Standards (“FRSs”) 134, Interim Financial Reporting issued by Malaysian Accounting Standards Board (MASB), and should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 December 2010.

The unaudited interim financial report contains condensed consolidated financial statements and selected explanatory notes which provide an explanation of the events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2010. The unaudited condensed consolidated financial statements and explanatory notes thereon do not include all of the information required for full set of financial statements to be prepared in accordance with Financial Reporting Standards (FRSs).

2 Changes in Accounting Policies

The significant accounting policies, methods of computation and basis of consolidation adopted by the Group for the preparation of the unaudited interim financial report are consistent with those adopted in the annual audited financial statements for the year ended 31 December 2010.

The Group has adopted the following FRSs, IC Interpretation and Amendments to FRSs that have been issued by the MASB.

- | | |
|-------------------------------|--|
| (a) FRS 1 | First-time Adoption of Financial Reporting Standards (revised) |
| (b) FRS 127 | Consolidated and Separate Financial Statements (revised) |
| (c) Amendments to FRS 1 | First-time Adoption of Financial Reporting Standards - Limited exemption from Comparative FRS Disclosures for First-time Adopters |
| (d) Amendments to FRS 1 | First-time Adoption of Financial Reporting Standards - Additional Exemption for First-time Adopters |
| (e) Amendments to FRS 2 | Share-based Payment - Scope of FRS 2 and Revised FRS 3 |
| (f) Amendments to FRS 2 | Share-based Payment - Group Cash-settled Share-based Payment Transactions |
| (g) Amendments to FRS 3 | Business Combination |
| (h) Amendments to FRS 5 | Non-current Assets Held for Sales and Discontinued Operations - Plan to Sell Controlling Interest in a Subsidiary |
| (i) Amendments to FRS 7 | Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments |
| (j) Amendments to FRS 128 | Investments in Associates |
| (k) Amendments to FRS 132 | Financial Instruments : Presentation - Classification of Right Issues |
| (l) Amendments to FRS 138 | Intangible Assets - Additional Consequential Amendments Arising from Revised FRS 3 |
| (m) Amendments to FRS 139 | Financial Instruments : Recognition and Measurement |
| (n) Improvements to FRSs 2010 | |

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2011

| | |
|--------------------------|---|
| (o) IC Interpretation 4 | Determining Whether an Arrangement Contains a Lease |
| (p) IC Interpretation 9 | Reassessment of Embedded Derivatives |
| (q) IC Interpretation 12 | Service Concession Arrangements |
| (r) IC Interpretation 16 | Hedges of a Net Investment in a Foreign Operation |
| (s) IC Interpretation 17 | Distributions of Non-cash Assets to Owners |
| (t) IC Interpretation 18 | Transfer of Assets from Customers |

The adoption of the other FRSs, IC Interpretation and Amendments to FRS do not have significant impact on the financial statements of the Group other than the additional disclosures as required by the relevant FRS.

The Group has not adopted the following FRSs, IC Interpretation and Amendments to FRSs that are effective for financial statements commencing 1 January 2012. The directors anticipate that the Standards and Interpretations will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Group in the period of initial application.

| | |
|--------------------------|--|
| (a) FRS 124 | Related Party Disclosures (revised) |
| (b) IC Interpretation 14 | FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction - Prepayments of a Minimum Funding Requirement |
| (c) IC Interpretation 15 | Agreements for the Construction of Real Estate |
| (d) IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments |

3 Seasonal or Cyclical Factors

The cyclical nature of the manufacturing sector is generally correlated to the global economy and is normally seasonal with demand peaking at the year-end festive seasons.

4 Unusual Items Due To Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period-to-date because of their nature, size or incidence.

5 Changes in Estimates

There were no material changes in estimates of amount reported in either the prior interim period of the current financial period or prior financial years that have a material effect on the results during the current quarter and financial period-to-date.

6 Debt and Equity Securities

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 30 September 2011.

- a) During the financial period ended 30 September 2011, the company repurchased 300 of its issued share capital from the open market for an average price of RM3.85 per share. The repurchase transactions were financed by the internally generated funds. The shares repurchased are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act 1965. There is no shares being cancelled or resold during the financial period under review.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2011

As of 30 September 2011, out of the total 64,007,000 issued and fully paid-up share capital, 27,000 are held as treasury shares. Hence, the number of outstanding ordinary shares in issue and fully paid-up is 63,980,000 ordinary shares of RM1 each. Shares purchased were stated at cost.

7 Dividends Paid

| | 9 months ended | |
|---|-------------------|-------------------|
| | <u>30.09.2011</u> | <u>30.09.2010</u> |
| | RM'000 | RM'000 |
| Dividends declared and paid: | | |
| a) Special dividend: | | |
| - 23 sen gross per ordinary share of RM1.00 each, less tax at 25%, for 2010 | 11,037 | - |
| - 23 sen gross per ordinary share of RM1.00 each, less tax at 25%, for 2009 | - | 11,039 |
| b) First and final dividend: | | |
| - 12 sen gross per ordinary share of RM1.00 each, less tax at 25%, for 2010 | 5,758 | - |
| - 12 sen gross per ordinary share of RM1.00 each, less tax at 25%, for 2009 | - | 5,760 |
| | <u>16,795</u> | <u>16,799</u> |

8 Operating Segment

FRS 8 requires separate reporting of segmental information for operating segments. Operating segments reflect the Group's management structure and the way financial information is regularly reviewed by the Group's chief operating decision maker, which is defined as the Executive Board.

The Group is focused in three areas of activity. There are manufacturing, trading and others which is investment holding and inter-segment pricing is determined based on a negotiated basis.

| Segments | Manufacturing RM'000 | Trading RM'000 | Others RM'000 | Elimination RM'000 | Total RM'000 |
|--|-------------------------|-------------------|------------------|-----------------------|-----------------|
| <u>Period ended 30 September 2011</u> | | | | | |
| Revenue | 270,259 | 3,125 | 20,455 | (33,160) | <u>260,679</u> |
| Segment results | 25,157 | (108) | 19,248 | (18,601) | 25,696 |
| Investment revenue | | | | | <u>2,617</u> |
| Profit before tax | | | | | <u>28,313</u> |
| <u>Period ended 30 September 2010</u> | | | | | |
| Revenue | 224,577 | 4,292 | 1,845 | (17,191) | <u>213,523</u> |
| Segment results | 18,169 | 47 | 159 | 8 | 18,383 |
| Investment revenue | | | | | <u>2,612</u> |
| Profit before tax | | | | | <u>20,995</u> |

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2011

9 Revaluation of Property, Plant and Equipment

The valuation of property, plant and equipment have been brought forward without amendment from the previous annual audited financial statements for the year ended 31 December 2010.

10 Material Post Balance Sheet Events

There are no material events subsequent to the end of the current quarter that requires adjustment to, or disclosure in the unaudited interim financial report for the financial period ended 30 September 2011.

11 Changes in the Composition of the Group

There was no change in the composition of the Group for the current quarter and financial period-to-date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

12 Contingent Liabilities

As of 30 September 2011, there were obligations and contingent liabilities for the Group resulting from the issuance of letter of guarantee on a foreign subsidiary company's import duties by a bank amounting to approximately RM 240,000.

There is no change in the contingent liabilities in respect of guarantees given by the Company to certain banks and financial institutions for banking facilities granted to and utilised by its subsidiary companies.

13 Capital Commitment

There was no capital expenditure contracted but not provided for in the unaudited interim financial report of the Group during the current financial period under review.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14 Review of Performance

Comparison with Previous Year Corresponding Quarter's Results

The Group recorded a revenue of RM94.508 million and a profit before tax of RM11.028 million in the current quarter ended 30 September 2011.

The revenue and profit before tax were increased by RM22.730 million or 31.66% and RM4.327 million or 64.57% respectively if compared to revenue of RM71.778 million and a profit before tax of RM6.701 million in the preceding year corresponding quarter.

The increased in revenue was mainly due to higher demand of wire and cable and electronics manufacturing products by the effect of steady outsource from existing customers. The increased in profit before tax was due to higher margin of product mix and higher gain in foreign currency transaction. However, the profit was partly limited by higher provision of doubtful debts.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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(b) Comparison with Previous Year Corresponding Period's Results

The Group recorded a revenue of RM260.679 million and a profit before tax of RM28.313 million in the period ended 30 September 2011.

As compared to revenue of RM213.523 million and a profit before tax of RM20.995 million in the preceding year corresponding period, the revenue increased by RM47.156 million or 22.08%, which was mainly due to higher demand in all manufacturing activities; while profit before tax was increased by RM7.318 million or 34.86% due to higher revenue achieved, higher gain from foreign currency exchange transactions and higher proceed from scrap. However, the increase in profit was partly limited by higher provision of doubtful debts.

15 Comparison with Immediate Preceding Quarter's Results

| | <u>Individual Quarter Ended</u> | | Variance RM '000 | Variance % |
|-------------------|---------------------------------|-----------------------|---------------------|---------------|
| | 30.09.2011 RM '000 | 30.06.2011 RM '000 | | |
| Revenue | 94,508 | 90,081 | 4,427 | 4.91% |
| Profit before tax | 11,028 | 10,710 | 318 | 2.97% |

The Group's revenue for the quarter under review was increased by RM4.427 million or 4.91% if compared with the preceding quarter, RM90.081 million.

The Group recorded a profit before tax of RM11.028 million, representing an increased of RM0.318 million or 2.97% if compared to profit before tax of RM10.710 million in the preceding quarter. The increase was mainly due to higher margin of product mix and lower operating expenses. However, the increase in profit was limited by higher provision of doubtful debts.

16 Current Year Prospect

Even though in front of worries on global economics slowdown, the Group will continue looking for potential new customers and take efforts in improving the efficiency and cost reduction measures to meet Group's target. Barring any unforeseen circumstances, the Group expects the revenue and earnings of coming quarters will continue to grow slightly.

17 Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was announced and published.

18 Income Tax Expense

| | <u>Quarter Ended</u> | | <u>Period Ended</u> | |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 30.09.2011 RM'000 | 30.09.2010 RM'000 | 30.09.2011 RM'000 | 30.09.2010 RM'000 |
| Income tax in respect of | | | | |
| Current period | 2,487 | 1,310 | 6,452 | 4,674 |
| Deferred tax expense/(income) | (299) | 219 | (386) | (104) |
| | <u>2,188</u> | <u>1,529</u> | <u>6,066</u> | <u>4,570</u> |

The Group's taxation for the current quarter and financial period-to-date reflects an effective tax rate which is lower than the statutory income tax rate mainly due to certain income which is not taxable and investment tax incentives enjoyed by the main subsidiaries in the Group.

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19 Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investment and/or property for the current quarter and financial period-to-date.

20 Quoted Securities other than Securities in Existing Subsidiaries and Associates

(a) The dealings in quoted securities for the current quarter and current financial period ended 30 September 2011 are as follows:

| <u>Available-for-sale financial assets</u> | <u>Quarter Ended</u> <u>30.09.2011</u> | <u>Period Ended</u> <u>30.09.2011</u> |
|--|---|--|
| | RM'000 | RM'000 |
| Total purchases at cost | <u>4</u> | <u>505</u> |

(b) The details of the investments in quoted securities as at 30 September 2011 are as set out below:

| <u>Available-for-sale financial assets</u> | RM'000 |
|--|------------|
| Total investments at market value | <u>505</u> |

21 Status of Corporate Proposals Announced

There were no corporate proposals announced but pending completion as at the date of this unaudited interim financial report.

22 Group Borrowings and Debt Securities

The details of the Group's borrowings as at end of current quarter are as follows:

| <u>Secured Borrowings</u> | | <u>Foreign</u> <u>Currency</u> <u>'000</u> | <u>Equivalent</u> <u>in RM</u> <u>RM'000</u> |
|---------------------------|-----|--|--|
| Short-term loan | USD | 4,115 | <u>12,287</u> |

23 Financial Instruments with Off Balance Sheet Risk

There was no off balance sheet financial instrument as at the date of this unaudited interim financial report.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2011

24 Changes in Material Litigation

Save as disclosed below, the Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors do not have any knowledge of any proceedings, pending or threatened, against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group:

- (a) Pan-International Electronics (Malaysia) Sdn. Bhd. (PIESB) had on 24 October 2002 commenced legal action against Xircom Operations (M) Sdn. Bhd. (Xircom) to claim the sum of Ringgit Malaysia Five Million Nine Hundred Fifty Seven Thousand Three Hundred Sixteen and Sen Twenty Only (RM5,957,316.20) for damages arising from the breach of contract to purchase goods and wrongful set-off of payment. Xircom has applied to the court for the case to be referred to arbitration while PIESB applied to set down preliminary issue down for trial. The Penang High Court has granted Xircom's application for arbitration. PIESB therefore proceed with the appeal No. P-02-1301-06 in the Court of Appeal against the decision of Penang High Court ordering the matter to go for arbitration.

The Board is advised by the Company's solicitor that PIESB has a reasonable chance to succeed in the claim. The Board has appointed Messrs Adam Abdullah & Mani (AAM) to commence a review of the case and provide the Board with an opinion of the PIESB's chances of success if we were to proceed with Arbitration. The Company had received the written opinion from AAM and the Company has decided to proceed with arbitration. Consequently, on advice by AAM, PIESB has withdrawn the appeal to the Court of Appeal. PIESB will commence arbitration proceedings against the Xircom. PIESB has nominated our proposed arbitrator to Xircom and is awaiting their response. Since the proposed arbitrator has not responded, AAM had suggested to management the potential of changing the arbitrator. PIESB has contacted a local arbitrator whom has agreed to the nomination. The Arbitrator who is a senior lawyer practicing in Penang had given and the Management of PIESB had agreed with the quotation. Once PIESB receive the confirmation from the Xircom's lawyer for the quotation then the arbitration proceedings will commence.

- (b) Pan International Electronics (Thailand) Co., Ltd. (PIT) had on 30 December 2003 commenced legal action against Delta Electronics (Thailand) Public Company Limited (Delta) to claim the sum of Baht13,559,759 (equivalent to approximately RM1,331,568) for the compensation damages as a result of the cancellation of purchase orders by Delta. Although the Court of First Instance gave the verdict to dismiss the case on 21 August 2006, PIT has proceeded with the appeal No. 01057/2549 (2006) in the Court of Appeal through the Samutprakarn Provincial Court against the decision on 29 December 2006. However, the Court of Appeal has decided to uphold the judgement of the Court of First Instance. On 16 October 2008, PIT had filed an appeal to Supreme Court against the judgement of the Court of Appeal.

25 Dividends

The following Dividends for the year ended 31 December 2010, has been approved by the Company's shareholders at the Fourteenth Annual General Meeting on 20 May 2011 and has been paid on 8 June 2011 to depositors registered in the Record of Depositors on 25 May 2011:

- (a) A Special Dividend of 23 sen per share less income tax at 25%; and
(b) A First and Final Dividend of 12 sen per share less income tax at 25%.

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26 Earnings Per Ordinary Share

(a) Basic earnings per ordinary share

Basic earnings per ordinary share amounts are calculated by dividing profit attributable to the ordinary equity shareholders by the weighted average number of ordinary shares in issue during the financial period, excluding treasury shares held by the Company.

| | Quarter Ended | | Period Ended | |
|--|---------------|--------------|---------------|---------------|
| | 30.09.2011 | 30.09.2010 | 30.09.2011 | 30.09.2010 |
| Profit attributable to ordinary equity shareholders (RM'000) | 8,840 | 5,172 | 22,247 | 16,425 |
| Weighted average number of ordinary share in issue (units'000) | 63,980 | 63,991 | 63,980 | 63,993 |
| Basic earnings per ordinary share (sen) | <u>13.816</u> | <u>8.082</u> | <u>34.771</u> | <u>25.667</u> |

(b) Diluted earnings per ordinary share

There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the current quarter and financial period-to-date.

27 Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the Group's most recent annual audited financial statements did not contain any qualification.

28 Supplementary Information Disclosed Pursuant to Bursa Securities Listing Requirements

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities LR. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the prescribed format required.

The breakdown of the retained earnings of the Group as at 30 September 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Securities dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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The breakdown of the retained profits of the Group as at 30 September 2011, into realised and unrealised profits, pursuant to directives, is as follows:

| | As at 30.09.2011 | As at 30.06.2011 |
|--|-----------------------|-----------------------|
| | RM'000 | RM'000 |
| Total retained profits of P.I.E. Industrial Berhad and it's subsidiaries | | |
| - Realised | 178,107 | 171,367 |
| - Unrealised | 3,993 | 4,928 |
| | <u>182,100</u> | <u>176,295</u> |
| Total share of retained profits from jointly controlled entity | | |
| - Realised | 215 | 347 |
| - Unrealised | - | - |
| | <u>182,315</u> | <u>176,642</u> |
| Add : Consolidation adjustments | <u>(40,372)</u> | <u>(43,637)</u> |
| Total Group retained profits as per consolidated accounts | <u><u>141,943</u></u> | <u><u>133,005</u></u> |

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and is not made for any other purposes.