

**P.I.E. INDUSTRIAL BERHAD ( COMPANY NO. : 424086-X )**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 4TH QUARTER ENDED 31 DECEMBER 2011**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.12.2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2010 RM'000	CURRENT YEAR TO DATE 31.12.2011 (Unaudited) RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2010 (Audited) RM'000
Revenue	8	88,971	73,680	349,650	287,203
Cost of sales		<u>(73,493)</u>	<u>(62,878)</u>	<u>(298,517)</u>	<u>(244,114)</u>
Gross profit		15,478	10,802	51,133	43,089
Administrative and distribution expenses		(5,287)	(4,242)	(20,499)	(19,033)
Other operating income/(expenses)		7,298	2,343	12,713	3,230
Income from other investments		1,384	862	4,001	3,474
Finance costs		(70)	0	(75)	0
Share of results in jointly controlled entity		<u>(90)</u>	<u>372</u>	<u>(247)</u>	<u>372</u>
Profit before tax	8	18,713	10,137	47,026	31,132
Income tax expense	19	<u>(2,883)</u>	<u>(899)</u>	<u>(8,949)</u>	<u>(5,469)</u>
Profit for the period	18	<u>15,830</u>	<u>9,238</u>	<u>38,077</u>	<u>25,663</u>
Other comprehensive income, net of tax					
Currency translation differences		(973)	294	(778)	(130)
Asset revaluation surplus		0	2,207	0	2,207
Other comprehensive income, net of tax		<u>(973)</u>	<u>2,501</u>	<u>(778)</u>	<u>2,077</u>
Total comprehensive income for the period		<u>14,857</u>	<u>11,739</u>	<u>37,299</u>	<u>27,740</u>
Basic earnings per ordinary share (sen)	24	<u>24.742</u>	<u>14.438</u>	<u>59.513</u>	<u>40.105</u>
Diluted earnings per ordinary share (sen)	24	<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 31 DECEMBER 2011**

	UNAUDITED AS AT 31.12.2011	AUDITED AS AT 31.12.2010
Note	RM'000	RM'000
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<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	9 46,049	32,625
Investment properties	27,336	27,442
Prepaid lease payments	12,413	12,744
Goodwill on consolidation	1,722	1,722
Investment in jointly controlled entity	125	372
Deferred tax assets	2,859	2,598
<b>Total non-current assets</b>	<u>90,504</u>	<u>77,503</u>
<b>Current assets</b>		
Inventories	42,482	27,073
Trade and other receivables	103,947	71,546
Available-for-sale financial assets	509	0
Other financial assets	0	200
Current tax assets	1,164	937
Other assets	956	2,101
Restricted cash	36	57
Short-term deposits with licensed banks	85,781	75,195
Cash and bank balances	18,257	27,921
<b>Total current assets</b>	<u>253,132</u>	<u>205,030</u>
<b>TOTAL ASSETS</b>	<u>343,636</u>	<u>282,533</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Share capital	64,007	64,007
Less: Treasury Shares, at Cost	(101)	(99)
Reserves	32,211	33,382
Retained Earnings	157,871	136,196
<b>Total equity</b>	<u>253,988</u>	<u>233,486</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	4,202	4,332
<b>Current liabilities</b>		
Short-term borrowings	20,477	0
Trade and other payables	61,688	43,587
Current tax liabilities	3,281	1,128
<b>Total current liabilities</b>	<u>85,446</u>	<u>44,715</u>
<b>Total liabilities</b>	<u>89,648</u>	<u>49,047</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>343,636</u>	<u>282,533</u>
<b>NET ASSETS</b>	253,988	233,486
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RM)</b>		
	3.97	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 4TH QUARTER ENDED 31 DECEMBER 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
<b>Year ended 31 December 2010</b>					
Balance as of 1 January 2010	64,007	(40)	31,616	127,021	222,604
Net profit for the year	0	0	0	25,663	25,663
Exchange difference on translation of net investment in foreign subsidiaries	0	0	(130)	0	(130)
Revaluation surplus on property, plant and equipment	0	0	2,942	0	2,942
Deferred tax liabilities arising from revaluation of property, plant and equipment	0	0	(735)	0	(735)
Total comprehensive income for the year	0	0	2,077	25,663	27,740
Transfer due to realisation of revaluation reserve	0	0	(311)	311	0
Buy-back of ordinary shares	0	(59)	0	0	(59)
Dividends	0	0	0	(16,799)	(16,799)
Balance as of 31 December 2010 (Audited)	<u>64,007</u>	<u>(99)</u>	<u>33,382</u>	<u>136,196</u>	<u>233,486</u>
<b>Year ended 31 December 2011</b>					
Balance as of 1 January 2011	64,007	(99)	33,382	136,196	233,486
Net profit for the year	0	0	0	38,077	38,077
Exchange difference on translation of net investment in foreign subsidiaries	0	0	(778)	0	(778)
Total comprehensive income for the year	0	0	(778)	38,077	37,299
Transfer due to realisation of revaluation reserve	0	0	(393)	393	0
Buy-back of ordinary shares	0	(2)	0	0	(2)
Dividends	0	0	0	(16,795)	(16,795)
Balance as of 31 December 2011	<u>64,007</u>	<u>(101)</u>	<u>32,211</u>	<u>157,871</u>	<u>253,988</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 4TH QUARTER ENDED 31 DECEMBER 2011**

	12 months ended	
	31.12.2011 RM'000	31.12.2010 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	38,077	25,663
Adjustments for:		
Income tax expense	8,949	5,469
Non-cash items	6,234	2,939
Non-operating items	(3,359)	(1,929)
Operating profit before working capital changes	<u>49,901</u>	<u>32,142</u>
Changes in working capital:		
Net change in current assets	(47,276)	(7,118)
Net change in current liabilities	20,291	1,398
Cash generated from operations	<u>22,916</u>	<u>26,422</u>
Tax refunded	699	1,637
Tax paid	(8,105)	(6,887)
Net cash generated from operating activities	<u>15,510</u>	<u>21,172</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1,504	1,240
Proceeds from disposal of property, plant and equipment	127	20
Payment for property, plant and equipment	(18,626)	(8,734)
Payment for investment property	0	(8,953)
Payment for prepaid lease payment on leasehold land	0	(4,599)
Purchase of investment in income funds	(509)	0
Net cash used in investing activities	<u>(17,504)</u>	<u>(21,026)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(16,795)	(16,799)
Repurchase of treasury shares	(2)	(59)
Bank balances held as security	21	0
Proceed from bank borrowings	35,539	0
Repayment of bank borrowings	(15,061)	0
Interest paid	(75)	0
Net cash generated from/(used in) financing activities	<u>3,627</u>	<u>(16,858)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>1,633</u>	<u>(16,712)</u>
Effect of foreign exchange rate differences	(711)	(68)
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>104,038</u>	<u>103,116</u>
<b>REPRESENTED BY:-</b>		
Short-term deposits with licensed banks	85,781	75,195
Cash and bank balances	<u>18,257</u>	<u>27,921</u>
	<u>104,038</u>	<u>103,116</u>

The Unaudited Condensed Consolidated Statement of Cash Flows 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)*  
*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT*  
*FOR THE 4TH QUARTER ENDED 31 DECEMBER 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<br>- Limited exemption from Comparative FRS Disclosures for First-time Adopters |
| (d) Amendments to FRS 1       | First-time Adoption of Financial Reporting Standards<br>- Additional Exemption for First-time Adopters                               |
| (e) Amendments to FRS 2       | Share-based Payment<br>- Scope of FRS 2 and Revised FRS 3  |
| (f) Amendments to FRS 2       | Share-based Payment<br>- 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<br>- Plan to Sell Controlling Interest in a Subsidiary                 |
| (i) Amendments to FRS 7       | Financial Instruments : Disclosures<br>- Improving Disclosures about Financial Instruments   |
| (j) Amendments to FRS 128     | Investments in Associates  |
| (k) Amendments to FRS 132     | Financial Instruments : Presentation<br>- Classification of Right Issues   |
| (l) Amendments to FRS 138     | Intangible Assets<br>- Additional Consequential Amendments Arising from Revised FRS 3  |
| (m) Amendments to FRS 139     | Financial Instruments : Recognition and Measurement  |
| (n) Improvements to FRSs 2010 |  |
| (o) IC Interpretation 4       | Determining Whether an Arrangement Contains a Lease  |
| (p) IC Interpretation 9       | Reassessment of Embedded Derivatives   |

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
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- |                          |   |
|--------------------------|---|
| (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<br>- 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 year-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 year-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 year ended 31 December 2011.

- a) During the financial year ended 31 December 2011, the company repurchased 600 of its issued share capital from the open market for an average price of RM3.97 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.

As of 31 December 2011, out of the total 64,007,000 issued and fully paid-up share capital, 27,300 are held as treasury shares. Hence, the number of outstanding ordinary shares in issue and fully paid-up is 63,979,700 ordinary shares of RM1 each. Shares purchased were stated at cost.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 4TH QUARTER ENDED 31 DECEMBER 2011**

**7 Dividends Paid**

	12 months ended	
	<u>31.12.2011</u>	<u>31.12.2010</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
<b><u>Year ended 31 December 2011</u></b>					
Revenue	347,309	2,332	9	-	349,650
Inter-segment revenue	<u>2,223</u>	<u>1,319</u>	<u>21,070</u>	<u>(24,612)</u>	<u>-</u>
	<u>349,532</u>	<u>3,651</u>	<u>21,079</u>	<u>(24,612)</u>	<u>349,650</u>
Segment results	39,182	(7)	16,953	(18,452)	37,676
Investment revenue					4,001
Other gains and losses					5,596
Share of results in jointly controlled entity					(247)
Profit before tax					<u>47,026</u>
<b><u>Year ended 31 December 2010</u></b>					
Revenue	282,890	4,313	-	-	287,203
Inter-segment revenue	<u>3,964</u>	<u>1,528</u>	<u>15,960</u>	<u>(21,452)</u>	<u>-</u>
	<u>286,854</u>	<u>5,841</u>	<u>15,960</u>	<u>(21,452)</u>	<u>287,203</u>
Segment results	31,312	45	12,380	(13,310)	30,427
Investment revenue					3,474
Other gains and losses					(3,141)
Share of results in jointly controlled entity					372
Profit before tax					<u>31,132</u>

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**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 year ended 31 December 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 year-to-date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

**12 Contingent Liabilities**

Save as disclosed below, there were no obligations and contingent liabilities for the Group as of 31 December 2011.

- a) 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 217,000.

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.

- b) There were contingent liabilities for the Company for payment of withholding tax to foreign tax authority amounting to approximately RM 3,800,000 if the Company received from foreign subsidiary company the dividend out of its non-tax exempted retained earnings.

**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 year under review.



*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**14 Review of Performance**

***(a) Comparison with Previous Year Corresponding Quarter's Results***

The Group's revenue for the current quarter under review was RM88.971 million and profit before tax was RM18.713 million.

The revenue was RM15.291 million or 21% higher than preceding year corresponding quarter attributable to higher revenue from manufacturing activities.

Manufacturing activities revenue was increased by RM15 million if compared to preceding year corresponding quarter due to higher demand of electronics manufacturing products from existing customers and new customers. However, trading activities was reduced by RM 1 million due to lack of attractive products.

Overall, the profit before tax was RM8.576 million or 85% higher than preceding year corresponding quarter with improved contributions from manufacturing activities and gain from foreign currency exchange.

***(b) Comparison with Previous Year Corresponding Period's Results***

The Group recorded a revenue of RM349.650 million and a profit before tax of RM47.026 million in the year ended 31 December 2011.

As compared to revenue of RM287.203 million and a profit before tax of RM31.132 million in the preceding year, the revenue increased by RM62.447 million or 22%.

Manufacturing activities was record an improvement in revenue by RM63 million over the preceding year. The significant improvement was due to more demand from new and existing customers for the electronics manufacturing products. However, trading activities was reduced by RM 2 million due to lack of attractive products.

The profit before tax was RM15.894 million or 51% higher than preceding year which result from improved contributions from manufacturing activities and gain from foreign currency exchange.

**15 Comparison with Immediate Preceding Quarter's Results**

	<u>Individual Quarter Ended</u>		Variance RM '000	Variance %
	31.12.2011	30.09.2011		
	RM '000	RM '000		
Revenue	88,971	94,508	(5,537)	-6%
Profit before tax	18,713	11,028	7,685	70%

The Group's revenue for the quarter under review was lower than by 6% if compared with the preceding quarter. The decreased was mainly due to year-end holiday and inventories adjustment by main customers.

The Group profit before tax for the current quarter was 70% higher than the preceding quarter mainly attributed to higher margin on product mix, gain on foreign currency exchange and less provision of doubtful debts.

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**16 Current Year Prospect**

The worrying sentiment about global economics slowdown has given challenges to the Group's business activities. However, the Group will continue its strategies by focusing on looking for potential new customers and improving the efficiency to meet the Group's target. Barring any unforeseen circumstances, the Group expects to continue growth in revenue and earnings in coming quarters.

**17 Variance of Actual Profit from Forecast Profit**

Not applicable as no profit forecast was announced and published.

**18 Profit for the Period**

	Quarter Ended		Year Ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	675	291	1,503	1,235
Investment income	709	571	2,498	2,239
Interest expenses	(70)	0	(75)	0
Depreciation and amortisation	(1,590)	(995)	(5,490)	(3,739)
Net reversal/(allowance) of impairment losses				
- trade receivables	1,466	219	(952)	54
Net reversal/(write down) of inventories	710	728	518	203
Net Gain/(loss) on disposal of :				
- property, plant and equipment	0	20	118	25
Property, plant and equipment written off	0	0	0	(9)
Bad debts written off	0	(28)	0	(28)
Net foreign exchange gain/(loss)	3,625	(950)	5,975	(4,117)
Loss/(gain) from fair value adjustment of investment properties	(63)	208	(63)	208
Gain/(loss) from fair value adjustment of financial assets through profit and loss	0	0	1	200

Save as disclosed above, the other items as required under Appendix 9B, Part A(16) of the Bursa Securities Main Market Listing Requirements are not applicable.

**19 Income Tax Expense**

	Quarter Ended		Year Ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	2,797	1,345	9,249	6,019
Under provision in prior year	92	63	92	63
Deferred tax income	(6)	(509)	(392)	(613)
	<u>2,883</u>	<u>899</u>	<u>8,949</u>	<u>5,469</u>

The Group's taxation for the current quarter and financial year-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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**20 Status of Corporate Proposals Announced**

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

**21 Group Borrowings and Debt Securities**

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

		Foreign Currency	Equivalent in RM
		'000	RM'000
<u>Secured Borrowings</u>			
Short-term loan	USD	6,441	<u>20,477</u>

**22 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 had commenced Arbitration proceedings against the Xircom. Our lawyer together with Xircom's lawyer had met the appointed Arbitrator to decide the procedure for the Arbitration. The date of hearing for the Arbitration had been fixed in the 3rd quarter of this year after all preliminary process is completed.

- (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.

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**23 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%.

**24 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		Year Ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Profit attributable to ordinary equity shareholders (RM'000)	15,830	9,238	38,077	25,663
Weighted average number of ordinary share in issue (units'000)	63,980	63,985	63,980	63,991
Basic earnings per ordinary share (sen)	<u>24.742</u>	<u>14.438</u>	<u>59.513</u>	<u>40.105</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 year-to-date.

**25 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.

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**26 Disclosure of Realised and Unrealised Profits**

The breakdown of the retained profits of the Group as at 31 December 2011, into realised and unrealised profits, pursuant to directives by Bursa Securities on 25 March 2010 and 20 December 2010 is as follows:

	As at 31.12.2011 RM'000	As at 30.09.2011 RM'000
Total retained profits of P.I.E. Industrial Berhad and it's subsidiaries		
- Realised	189,738	178,107
- Unrealised	9,152	3,993
	<u>198,890</u>	<u>182,100</u>
Total share of retained profits from jointly controlled entity		
- Realised	100	215
- Unrealised	-	-
	<u>198,990</u>	<u>182,315</u>
Add : Consolidation adjustments	(41,119)	(40,372)
Total Group retained profits as per consolidated accounts	<u><u>157,871</u></u>	<u><u>141,943</u></u>

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants on 20 December 2010.

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