

**P.I.E. INDUSTRIAL BERHAD ( COMPANY NO. : 424086-X )**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 1ST QUARTER ENDED 31 MARCH 2014**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.03.2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2013 RM'000	CURRENT YEAR TO DATE 31.03.2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2013 RM'000
Revenue	10	157,367	81,590	157,367	81,590
Cost of sales		(143,620)	(73,008)	(143,620)	(73,008)
Gross profit		13,747	8,582	13,747	8,582
Administrative and distribution expenses		(6,120)	(3,689)	(6,120)	(3,689)
Other operating income		3,701	1,567	3,701	1,567
Income from other investments		608	564	608	564
Finance costs		(69)	0	(69)	0
Share of results in associated company		(1)	(8)	(1)	(8)
Profit before tax	10	11,866	7,016	11,866	7,016
Income tax expense	20	(2,747)	(1,481)	(2,747)	(1,481)
Profit for the period	19	9,119	5,535	9,119	5,535
<u>Other comprehensive income</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		551	2,744	551	2,744
Other comprehensive income, net of tax		551	2,744	551	2,744
Total comprehensive income for the period		9,670	8,279	9,670	8,279
Total comprehensive income attributable to:					
- Owners of the Company		9,670	8,279	9,670	8,279
Basic earnings per ordinary share (sen)	25	14.26	8.65	14.26	8.65
Diluted earnings per ordinary share (sen)	25	N/A	N/A	N/A	N/A

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 2013 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 MARCH 2014**

	Note	UNAUDITED AS AT 31.03.2014 RM'000	AUDITED AS AT 31.12.2013 RM'000
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<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	66,554	68,629
Investment properties		19,337	19,320
Prepaid lease payments		7,589	7,640
Goodwill on consolidation		1,722	1,722
Investment in associated company		9	11
Deferred tax assets		1,324	1,323
<b>Total non-current assets</b>		<u>96,535</u>	<u>98,645</u>
<b>Current assets</b>			
Inventories		62,857	99,693
Trade and other receivables		175,781	168,498
Other financial assets		545	541
Current tax assets		1,173	1,170
Restricted cash		36	36
Short-term deposits with licensed banks		84,547	65,229
Cash and bank balances		39,593	33,406
<b>Total current assets</b>		<u>364,532</u>	<u>368,573</u>
<b>TOTAL ASSETS</b>		<u>461,067</u>	<u>467,218</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		64,007	64,007
Less: Treasury shares, at cost		(317)	(317)
Reserves		19,914	19,363
Retained earnings		214,000	204,881
<b>Total equity</b>		<u>297,604</u>	<u>287,934</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		3,820	3,844
<b>Current liabilities</b>			
Short-term borrowings		33,963	43,789
Trade and other payables		123,916	129,733
Current tax liabilities		1,764	1,918
<b>Total current liabilities</b>		<u>159,643</u>	<u>175,440</u>
<b>Total liabilities</b>		<u>163,463</u>	<u>179,284</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>461,067</u>	<u>467,218</u>
<b>NET ASSETS</b>		297,604	287,934
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)		4.65	4.50

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 2013 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 1ST QUARTER ENDED 31 MARCH 2014**

	<b>Share Capital</b>	<b>Treasury Shares</b>	<b>Non- distributable</b>	<b>Distributable Retained profits</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Period ended 31 March 2013</u></b>					
Balance as of 1 January 2013	64,007	(101)	19,502	182,204	265,612
Net profit for the period	0	0	0	5,535	5,535
Other comprehensive income for the period	0	0	2,744	0	2,744
Total comprehensive income for the period	0	0	2,744	5,535	8,279
Balance as of 31 March 2013	<b>64,007</b>	<b>(101)</b>	<b>22,246</b>	<b>187,739</b>	<b>273,891</b>
<b><u>Period ended 31 March 2014</u></b>					
Balance as of 1 January 2014	64,007	(317)	19,363	204,881	287,934
Net profit for the period	0	0	0	9,119	9,119
Other comprehensive income for the period	0	0	551	0	551
Total comprehensive income for the period	0	0	551	9,119	9,670
Buy-back of ordinary shares	0	0	0	0	0
Payment of dividends	0	0	0	0	0
Balance as of 31 March 2014	<b>64,007</b>	<b>(317)</b>	<b>19,914</b>	<b>214,000</b>	<b>297,604</b>

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 2013 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 1ST QUARTER ENDED 31 MARCH 2014**

	3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	9,119	5,535
Adjustments for:		
Income tax expense	2,747	1,481
Non-cash items	3,633	2,471
Non-operating items	(6)	329
Operating profit before working capital changes	15,493	9,816
Changes in working capital:		
Net change in current assets	28,168	(15,260)
Net change in current liabilities	(5,836)	9,462
Cash generated from operations	37,825	4,018
Tax paid	(2,930)	(1,420)
Net cash generated from operating activities	34,895	2,598
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	389	248
Proceeds from disposal of property, plant and equipment	14	0
Payment for property, plant and equipment	(481)	(947)
Net cash used in investing activities	(78)	(699)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank balances held as security	0	(2)
Net proceeds from bank borrowings	0	25,081
Net repayment of bank borrowings	(9,826)	0
Interest paid	(69)	0
Net cash (used in)/generated from financing activities	(9,895)	25,079
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,922	26,978
Effect of foreign exchange rate differences	583	2,040
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	98,635	98,385
CASH AND CASH EQUIVALENTS AT END OF PERIOD	124,140	127,403
REPRESENTED BY:-		
Short-term deposits with licensed banks	84,547	87,499
Cash and bank balances	39,593	39,904
	124,140	127,403

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 2013 and the accompanying explanatory notes attached to the interim financial report.

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*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT*  
*FOR THE 1ST QUARTER ENDED 31 MARCH 2014*

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

**1 Basis of Preparation**

The interim financial report is unaudited and 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 Malaysian Financial Reporting Standards (“MFRSs”) 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 2013.

The explanatory notes attached to these interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2013.

**2 Significant Accounting Policies**

The significant accounting policies, methods of computation and basis of consolidation adopted by the Group for the preparation of the interim financial report are consistent with those adopted in the annual audited financial statements for the year ended 31 December 2013 except for the adoption of the following MFRSs, IC Interpretations (“IC Int.”) and amendments to MFRSs for the financial period beginning on 1 January 2014:-

Amendments to MFRS 10	Investment Entities
Amendments to MFRS 12	Investment Entities
Amendments to MFRS 127	Investment Entities
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Int. 21	Levies

The initial adoption of the above standards and interpretations are not expected to have any material financial impact to the Group's results.

The Group has not adopted the following MFRSs and Amendments to MFRSs, which were issued by the MASB but not yet effective:-

Amendments to MFRS 119	Defined Benefit Plans : Employee Contribution
Annual Improvements to MFRSs 2010-2012 Cycle	
Annual Improvements to MFRSs 2011-2013 Cycle	
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS 9	Financial Instruments : Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139

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**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**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 31 March 2014.

As of 31 March 2014, out of the total 64,007,000 issued and fully paid-up share capital, 73,900 are held as treasury shares. Hence, the number of outstanding ordinary shares in issue and fully paid-up is 63,933,100 ordinary shares of RM1 each. Shares purchased were stated at cost.

**7 Dividends Paid**

The Company did not pay any dividend to its shareholders during the financial period ended 31 March 2014.

**8 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 2013.

**9 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 31 March 2014.

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**10 Operating Segment**

Segment information is presented in respect of the Group's business segments.

The Group comprises the following main business segments:

- a) Manufacturing            Manufacturing of industrial products
- b) Trading                    Trading of electrical products
- c) Others                      Investment holdings

<b>Segments</b>	<b>Manufacturing</b> RM'000	<b>Trading</b> RM'000	<b>Others</b> RM'000	<b>Elimination</b> RM'000	<b>Total</b> RM'000
<b><u>Period ended 31 March 2014</u></b>					
Revenue	157,271	96	-	-	157,367
Inter-segment revenue	20	401	1,380	(1,801)	-
	<u>157,291</u>	<u>497</u>	<u>1,380</u>	<u>(1,801)</u>	<u>157,367</u>
Segment results	8,551	(42)	707	(18)	9,198
Investment revenue					608
Other gains and losses					2,130
Finance costs					(69)
Share of results in associated company					(1)
Profit before tax					<u>11,866</u>

<b>Segments</b>	<b>Manufacturing</b> RM'000	<b>Trading</b> RM'000	<b>Others</b> RM'000	<b>Elimination</b> RM'000	<b>Total</b> RM'000
<b><u>Period ended 31 March 2013</u></b>					
Revenue	81,109	481	-	-	81,590
Inter-segment revenue	469	648	915	(2,032)	-
	<u>81,578</u>	<u>1,129</u>	<u>915</u>	<u>(2,032)</u>	<u>81,590</u>
Segment results	5,943	(29)	314	72	6,300
Investment revenue					564
Other gains and losses					160
Finance costs					-
Share of results in associated company					(8)
Profit before tax					<u>7,016</u>

**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.

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**12 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.

**13 Fair Value of Instruments**

*(a) Determination of fair value*

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments, by class, which are not carried at fair value in the financial statements.

	31.03.2014		31.03.2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
<b>Financial assets :</b>				
Trade and other receivables	176,954	176,954	102,957	102,957
Cash and cash equivalents	124,140	124,140	127,403	127,403
	<u>301,094</u>	<u>301,094</u>	<u>230,360</u>	<u>230,360</u>
<b>Financial liabilities :</b>				
Trade and other payables	125,680	125,680	70,806	70,806
Short term borrowings	33,963	33,963	25,081	25,081
	<u>159,643</u>	<u>159,643</u>	<u>95,887</u>	<u>95,887</u>

*(a) Fair value hierarchy*

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).



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As at the reporting date, the Group held the following financial assets and liabilities that were measured at fair value by level of fair value hierarchy :

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>31 March 2014</b>				
<b>Financial assets</b>				
Investment in income fund	545	-	-	545
	545	-	-	545
	545	-	-	545
 <b>31 March 2013</b>				
<b>Financial assets</b>				
Investment in income fund	529	-	-	529
	529	-	-	529
	529	-	-	529

There have been no transfers between any levels during the current quarter under review and the comparative period.

#### **14 Contingent Liabilities**

Save as disclosed below, there were no obligations and contingent liabilities for the Group as of 31 March 2014.

	RM '000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	215
b) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	111,453
c) Payment of withholding tax to foreign tax authority if received dividend from foreign subsidiary company out of its non-tax exempted retained earnings	4,277
	115,945

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

**15 Review of Performance**

***Comparison with Previous Year Corresponding Quarter's Results***

The Group's revenue for the current quarter under review was RM157.367 million and profit before tax was RM11.866 million.

The revenue was soared by RM75.777 million or 93% if compared to the figure of preceding year corresponding quarter. The increase was mainly attributable to higher revenue from electronic manufacturing activities but partly offset with lower demand on raw wire and cable, wire harness products and also trading activities.

Compared with the preceding year corresponding quarter, the profit before tax was increased by RM4.850 million or 69%, which was mainly due to the higher revenue achieved and higher gain from foreign currency exchange transactions. However, the increase in profit was partly limited by lower margin of product mix, higher operating expenses and higher of slow moving inventory provision.

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

	<u>Individual Quarter Ended</u>		Variance RM '000	Variance %
	31.03.2014 RM '000	31.12.2013 RM '000		
Revenue	157,367	142,711	14,656	10%
Profit before tax	11,866	15,671	(3,805)	-24%

The Group's revenue for the quarter under review has increased by 10% as compared with the preceding quarter. The increase was mainly due to higher demand for electronics manufacturing products but partly offset with lower demand for raw wire and cable products.

The Group profit before tax for the current quarter has reduced by 24% as compared to preceding quarter. The decrease was mainly due to higher provision of slow moving inventories and lower of miscellaneous income. However, the reduction was limited by higher revenue achieved and higher margin of product mix.

**17 Current Year Prospect**

With the Group's significant upgrade in vertical integration capability and precision manufacturing, the existing and new customers are more willing to outsource their products to the Group, especially in medical devices and touch panel screen of big size display. Barring any unforeseen circumstances, the Group expects better performance for year ending 31 December 2014.

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**18 Variance of Actual Profit from Forecast Profit**

Not applicable as no profit forecast was announced and published.

**19 Profit for the Period**

	Quarter Ended		Period Ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	367	273	367	273
Investment income	241	291	241	291
Interest expenses	(69)	0	(69)	0
Depreciation and amortisation	(2,630)	(2,131)	(2,630)	(2,131)
Net reversal of impairment losses				
- trade receivables	52	81	52	81
Net write down of inventories	(1,053)	(413)	(1,053)	(413)
Net gain on disposal of :				
- property, plant and equipment	14	0	14	0
Net foreign exchange gain/(loss)	3,117	492	3,117	492

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.

**20 Income Tax Expense**

	Quarter Ended		Period Ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	2,771	1,521	2,771	1,521
Deferred tax expenses	(24)	(40)	(24)	(40)
	<u>2,747</u>	<u>1,481</u>	<u>2,747</u>	<u>1,481</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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**21 Status of Corporate Proposals Announced**

Save as disclosed below, there were no corporate proposals announced but pending completion as at the date of this unaudited interim financial report.

- (a) On 21 February 2014, the Company announced that proposal of undertaking a bonus issue of up to 12,801,400 new shares of P.I.E Industrial Berhad (PIB) to be credited as fully paid-up on the basis of one (1) Bonus Share for every five (5) existing PIB Shares held on an entitlement date to be determined later.

The Proposal has been approved by the Company's shareholders at the extraordinary general meeting on 23 May 2014. A further announcement will be made at a later date upon finalization of the entitlement date.

**22 Group Borrowings and Debt Securities**

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

		<u>Foreign Currency</u> '000	<u>Equivalent in RM</u> RM'000
<u>Unsecured Borrowings</u>			
Short-term loan	USD	10,230	<u>33,963</u>

**23 Changes in Material Litigation**

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.

**24 Dividends**

The following Dividends for the year ended 31 December 2013, has been approved by the Company's shareholders at the Seventeenth Annual General Meeting on 23 May 2014 and will be paid on 11 June 2014 to depositors registered in the Record of Depositors on 29 May 2014:

- (a) A Special Single Tier Dividend of 8 sen per share; and  
(b) A First and Final Single Tier Dividend of 12 sen per share.

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**25 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	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Profit attributable to ordinary equity shareholders (RM'000)	9,119	5,535	9,119	5,535
Weighted average number of ordinary share in issue (units'000)	63,933	63,980	63,933	63,980
Basic earnings per ordinary share (sen)	14.26	8.65	14.26	8.65

*(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.

**26 Derivative Financial Instruments**

There were no derivatives entered into by the Group as at the end of the quarter under review.

**27 Gains/Losses Arising from Fair Value Changes of Financial Liabilities**

There were no gains/losses arising from fair value changes of financial liabilities.

**28 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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**29 Disclosure of Realised and Unrealised Profits**

The breakdown of the retained profits of the Group as at 31 December 2013, into realised and unrealised profits, pursuant to directives by Bursa Securities on 25 March 2010 and 20 December 2010 is as follows:

	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Total retained profits of P.I.E. Industrial Berhad and it's subsidiaries		
- Realised	247,940	238,405
- Unrealised	8,175	8,523
	<u>256,115</u>	<u>246,928</u>
Total share of retained loss from associate company		
- Realised	(15)	(14)
	<u>256,100</u>	<u>246,914</u>
Add : Consolidation adjustments	(42,100)	(42,033)
Total Group retained profits as per consolidated accounts	<u><u>214,000</u></u>	<u><u>204,881</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.