

P.I.E. INDUSTRIAL BERHAD ( COMPANY NO. : 424086-X )  
 UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE 2ND QUARTER ENDED 30 JUNE 2013

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30.06.2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2012 RM'000	CURRENT YEAR TO DATE 30.06.2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2012 RM'000
Revenue	8	108,332	91,386	189,922	171,412
Cost of sales		(94,830)	(77,491)	(167,838)	(148,141)
Gross profit		13,502	13,895	22,084	23,271
Administrative and distribution expenses		(6,335)	(6,259)	(10,024)	(9,722)
Other operating income		5,334	2,507	6,901	2,919
Income from other investments		780	1,050	1,344	2,041
Finance costs		(52)	(18)	(52)	(113)
Share of results in jointly controlled entity		0	(31)	0	(65)
Share of results in associated company		(1)	0	(9)	0
Profit before tax	8	13,228	11,144	20,244	18,331
Income tax expense	19	(3,677)	(2,867)	(5,158)	(4,164)
Profit for the period	18	9,551	8,277	15,086	14,167
<u>Other comprehensive income/(loss)</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		(1,693)	470	1,051	119
Other comprehensive income/(loss), net of tax		(1,693)	470	1,051	119
Total comprehensive income for the period		7,858	8,747	16,137	14,286
Total comprehensive income attributable to: - Owners of the Company		7,858	8,747	16,137	14,286
Basic earnings per ordinary share (sen)	24	14.93	12.94	23.58	22.14
Diluted earnings per ordinary share (sen)	24	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 2012 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 JUNE 2013

	UNAUDITED AS AT 30.06.2013 RM'000	(RESTATED) AUDITED AS AT 31.12.2012 RM'000
Note	-----	-----
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	9 58,558	59,687
Investment properties	27,351	27,312
Prepaid lease payments	4,296	4,354
Goodwill on consolidation	1,722	1,722
Investment in associated company	17	26
Deferred tax assets	167	922
<b>Total non-current assets</b>	<u>92,111</u>	<u>94,023</u>
<b>Current assets</b>		
Inventories	50,674	36,957
Trade and other receivables	125,964	96,004
Other financial assets	533	525
Current tax assets	1,332	1,168
Other assets	1,292	1,867
Restricted cash	37	36
Short-term deposits with licensed banks	82,711	79,155
Cash and bank balances	28,303	19,229
<b>Total current assets</b>	<u>290,846</u>	<u>234,941</u>
<b>TOTAL ASSETS</b>	<u><u>382,957</u></u>	<u><u>328,964</u></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	(101)	(101)
Reserves	20,553	19,502
Retained earnings	181,935	182,204
<b>Total equity</b>	<u>266,394</u>	<u>265,612</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	2,062	2,264
<b>Current liabilities</b>		
Short-term borrowings	27,288	0
Trade and other payables	83,289	58,999
Current tax liabilities	3,924	2,089
<b>Total current liabilities</b>	<u>114,501</u>	<u>61,088</u>
<b>Total liabilities</b>	<u>116,563</u>	<u>63,352</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>382,957</u></u>	<u><u>328,964</u></u>
<b>NET ASSETS</b>	266,394	265,612
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)	4.16	4.15

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 2012 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 2ND QUARTER ENDED 30 JUNE 2013**

	<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 30 June 2012</u></b>					
Balance as of 1 January 2012	64,007	(101)	19,614	166,569	250,089
Net profit for the period	0	0	0	14,167	14,167
Other comprehensive loss for the period	0	0	119	0	119
Total comprehensive income for the period	0	0	119	14,167	14,286
Payment of dividends	0	0	0	(18,714)	(18,714)
Balance as of 30 June 2012	<u>64,007</u>	<u>(101)</u>	<u>19,733</u>	<u>162,022</u>	<u>245,661</u>
<b><u>Period ended 30 June 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	15,086	15,086
Other comprehensive income for the period	0	0	1,051	0	1,051
Total comprehensive income for the period	0	0	1,051	15,086	16,137
Payment of dividends	0	0	0	(15,355)	(15,355)
Balance as of 30 June 2013	<u>64,007</u>	<u>(101)</u>	<u>20,553</u>	<u>181,935</u>	<u>266,394</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 2012 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 2ND QUARTER ENDED 30 JUNE 2013**

	6 months ended	
	30.06.2013 RM'000	30.06.2012 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	15,086	14,167
Adjustments for:		
Income tax expense	5,158	4,164
Non-cash items	3,947	3,967
Non-operating items	(1,160)	(1,396)
Operating profit before working capital changes	23,031	20,902
Changes in working capital:		
Net change in current assets	(41,433)	(7,587)
Net change in current liabilities	23,617	1,212
Cash generated from operations	5,215	14,527
Tax refunded	0	0
Tax paid	(2,932)	(5,350)
Net cash generated from operating activities	2,283	9,177
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	670	837
Proceeds from disposal of property, plant and equipment	71	34
Payment for property, plant and equipment	(3,137)	(2,782)
Purchase of investment in income funds	0	(8)
Net cash used in investing activities	(2,396)	(1,919)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(15,355)	(18,714)
Bank balances held as security	(1)	0
Net proceeds from bank borrowings	27,288	0
Net repayment of bank borrowings	0	(8,628)
Interest paid	(52)	(113)
Net cash generated from/(used in) financing activities	11,880	(27,455)
NET INCREASED/(DECREASE) IN CASH AND CASH EQUIVALENTS	11,767	(20,197)
Effect of foreign exchange rate differences	862	(52)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	98,385	104,038
CASH AND CASH EQUIVALENTS AT END OF PERIOD	111,014	83,789
<b>REPRESENTED BY:-</b>		
Short-term deposits with licensed banks	82,711	62,607
Cash and bank balances	28,303	21,182
	111,014	83,789

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 2012 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 2ND QUARTER ENDED 30 JUNE 2013*

**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 2012.

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 2012.

**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 2012 except for the adoption of the following MFRSs, IC Interpretations (“IC Int.”) and amendments to MFRSs for the financial period beginning on 1 January 2013:-

MFRS 3	Business Combination
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (Revised)
MFRS 127	Consolidated and Separate Financial Statements (Revised)
MFRS 128	Investments in Associates and Joint Ventures (Revised)
Amendments to MFRS 1	First-time Adoption of MFRS - Government Loans
Amendments to MFRS 7	Financial Instruments : Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements : Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities : Transition Guidance
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle	

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT*  
*FOR THE 2ND QUARTER ENDED 30 JUNE 2013*

The adoption of the above pronouncements did not have any financial impact to the Group, except for the following :

a) Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*

The amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income* change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items that will never be reclassified.

The adoption of this amendment affect presentation only and has no financial impact on the Group's financial statements.

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

Effective date : 1 January 2014

Amendments to MFRS 10	Consolidated Financial Statements : Investment Entities
Amendments to MFRS 12	Disclosure of Interest in Other Entities : Investment Entities
Amendments to MFRS 127	Consolidated and Separate Financial Statements : Investment Entities
Amendments to MFRS 132	Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities

Effective date : 1 January 2015

MFRS 9	Financial Instruments
Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures

### **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.

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT*  
*FOR THE 2ND QUARTER ENDED 30 JUNE 2013*

**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 30 June 2013.

As of 30 June 2013, 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.

**7 Dividends Paid**

	6 months ended	
	30.06.2013	30.06.2012
	RM'000	RM'000
Dividends declared and paid:		
a) Special dividend:		
- 20 sen gross per ordinary share of RM1.00 each, less tax at 25%, for 2012	9,597	-
- 27 sen gross per ordinary share of RM1.00 each, less tax at 25%, for 2011	-	12,956
b) First and final dividend:		
- 12 sen gross per ordinary share of RM1.00 each, less tax at 25%, for 2012	5,758	-
- 12 sen gross per ordinary share of RM1.00 each, less tax at 25%, for 2011	-	5,758
	15,355	18,714

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT*  
*FOR THE 2ND QUARTER ENDED 30 JUNE 2013*

**8 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>	<b>Trading</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Period ended 30 June 2013</u></b>					
Revenue	188,834	1,088	-	-	189,922
Inter-segment revenue	1,065	819	1,830	(3,714)	-
	<u>189,899</u>	<u>1,907</u>	<u>1,830</u>	<u>(3,714)</u>	<u>189,922</u>
Segment results	14,032	(39)	583	87	14,663
Investment revenue					1,344
Other gains and losses					4,246
Share of results in jointly controlled entity					-
Share of results in associated company					(9)
Profit before tax					<u>20,244</u>

<b>Segments</b>	<b>Manufacturing</b>	<b>Trading</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Period ended 30 June 2012</u></b>					
Revenue	167,589	3,823	-	-	171,412
Inter-segment revenue	3,816	899	1,230	(5,945)	-
	<u>171,405</u>	<u>4,722</u>	<u>1,230</u>	<u>(5,945)</u>	<u>171,412</u>
Segment results	16,147	40	545	(6)	16,726
Investment revenue					2,041
Other gains and losses					(371)
Share of results in jointly controlled entity					(65)
Share of results in associated company					-
Profit before tax					<u>18,331</u>



*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT*  
*FOR THE 2ND QUARTER ENDED 30 JUNE 2013*

**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 2012.

The Group has reclassified certain leasehold lands to property, plant and equipment. The classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie. Leasehold lands were treated as operating leases in prior and the considerations paid were classified and presented as prepaid lease payments in the statement of financial position. This change in classification has no effect on the results of the Group. The comparatives have been restated to conform with current quarter's presentation. The effects of the reclassification to the comparatives following the change as mentioned above are as follows:

	As previously reported RM'000	Reclassification RM'000	As Restated RM'000
Property, plant and equipment	57,459	2,228	59,687
Prepaid lease payments	6,582	(2,228)	4,354

**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 June 2013.

**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 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.

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT*  
*FOR THE 2ND QUARTER ENDED 30 JUNE 2013*

**13 Contingent Liabilities**

Save as disclosed below, there were no obligations and contingent liabilities for the Group as of 30 June 2013.

- 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 221,000.

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 4,300,000 if the Company received from foreign subsidiary company the dividend out of its non-tax exempted retained earnings.

**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 RM108.332 million and profit before tax was RM13.228 million.

The revenue was increased by RM16.946 million or 19% if compared to the figure of preceding year corresponding quarter which was mainly attributable to higher revenue from manufacturing activities but partly offset by lower revenue from trading activities.

Compared with the preceding year corresponding quarter, the profit before tax was increased by RM2.084 million or 19%, which was mainly due to the higher revenue achieved, higher gain from foreign currency exchange transactions and reversal of slow moving inventories provision. However, the profit was partly limited by lower margin of product mix and lower proceeds from scrap sales.

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT*  
*FOR THE 2ND QUARTER ENDED 30 JUNE 2013*

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

The Group recorded a revenue of RM189.922 million and a profit before tax of RM20.244 million in the period ended 30 June 2013.

As compared to revenue of RM171.412 million and a profit before tax of RM18.331 million in the preceding year corresponding period, the revenue increased by RM18.510 million or 11%.

Improved in revenue was mainly due to more demand on electronic manufacturing products. However, it was partially offset by lower demand on other products, i.e raw wire, cables and trading goods.

The profit before tax was increased by RM1.913 million or 10% if compared with preceding period. This result was due to higher gain from foreign currency exchange and reversal of slow moving inventories provision. However, the profit was limited by lower margin of products mix, lower investment income and lower proceeds from scrap sales.

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

	<u>Individual Quarter Ended</u>		Variance RM '000	Variance %
	30.06.2013 RM '000	31.03.2013 RM '000		
Revenue	108,332	81,590	26,742	33%
Profit before tax	13,228	7,016	6,212	89%

The Group's revenue for the quarter under review was increased by 33% if compared with the preceding quarter. The increase was mainly due to higher demand for electronics manufacturing products. However, the revenue had partly limited by lower demand on raw wire and cable products.

The Group profit before tax for the current quarter was 89% higher than the preceding quarter. This is mainly due to higher revenue achieved, higher margin on product mix, higher gain on foreign currency exchange and reversal of slow moving inventories provision. However, the profit was partly offset by higher operating expenses.

**16 Current Year Prospect**

Notwithstanding the recent downward revision in 2013 of global GDP by International Monetary Fund, the Group expects the uptrend growth in outsourcing activities by existing and new customers. Further supported by the Group's continuous upgrading of its vertical integration capability and strengthening of precision manufacturing, we remain positive of our second half performance.

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 2ND QUARTER ENDED 30 JUNE 2013**

**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		Period Ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	420	572	693	790
Investment income	360	478	651	1,251
Interest expenses	(52)	(19)	(52)	(113)
Depreciation and amortisation	(2,189)	(1,693)	(4,319)	(3,340)
Net reversal/(allowance) of impairment losses				
- trade receivables	123	374	204	671
Net reversal/(write down) of inventories	590	(994)	177	(1,234)
Net Gain/(loss) on disposal of :				
- property, plant and equipment	12	4	12	31
Net foreign exchange gain/(loss)	3,361	1,360	3,853	161

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		Period Ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	3,131	2,912	4,651	4,281
Overprovision in prior year	(49)	0	(49)	0
Deferred tax expenses/(income)	595	(45)	556	(117)
	<u>3,677</u>	<u>2,867</u>	<u>5,158</u>	<u>4,164</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.

**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.

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 2ND QUARTER ENDED 30 JUNE 2013**

**21 Group Borrowings and Debt Securities**

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

		Foreign Currency '000	Equivalent in RM RM'000
<u>Unsecured Borrowings</u>			
Short-term loan	USD	8,803	27,288

**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 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. The Company has commenced arbitration against Xircom. The proceedings are now ongoing. The Company expects a conclusion of the case by end of Q3'13.

**23 Dividends**

The following Dividends for the year ended 31 December 2012, has been approved by the Company's shareholders at the Sixteenth Annual General Meeting on 23 May 2013 and has been paid on 18 June 2013 to depositors registered in the Record of Depositors on 29 May 2013:

- (a) A Special Dividend of 20 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%.

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT*  
*FOR THE 2ND QUARTER ENDED 30 JUNE 2013*

**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		Period Ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
Profit attributable to ordinary equity shareholders (RM'000)	9,551	8,277	15,086	14,167
Weighted average number of ordinary share in issue (units'000)	63,980	63,980	63,980	63,980
Basic earnings per ordinary share (sen)	<u>14.93</u>	<u>12.94</u>	<u>23.58</u>	<u>22.14</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.

**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.

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT*  
*FOR THE 2ND QUARTER ENDED 30 JUNE 2013*

**26 Disclosure of Realised and Unrealised Profits**

The breakdown of the retained profits of the Group as at 30 June 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 30.06.2013 RM'000	As at 31.03.2013 RM'000
Total retained profits of P.I.E. Industrial Berhad and it's subsidiaries		
- Realised	212,918	215,808
- Unrealised	<u>11,119</u>	<u>13,729</u>
	224,037	229,537
Total share of retained profits from associate company		
- Realised	<u>(8)</u>	<u>(7)</u>
	224,029	229,530
Add : Consolidation adjustments	<u>(42,094)</u>	<u>(41,791)</u>
Total Group retained profits as per consolidated accounts	<u><u>181,935</u></u>	<u><u>187,739</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.