

P.I.E. INDUSTRIAL BERHAD (COMPANY NO. : 424086-X)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2010

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.12.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2009 RM'000	CURRENT YEAR TO DATE 31.12.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2009 RM'000
Revenue	8	73,679	69,235	287,202	225,902
Cost of sales		<u>(62,877)</u>	<u>(55,632)</u>	<u>(244,113)</u>	<u>(180,721)</u>
Gross profit		10,802	13,603	43,089	45,181
Administrative and distribution expenses		(4,242)	(6,341)	(19,033)	(18,782)
Other operating income		2,343	1,996	3,230	4,182
Income from other investments		862	704	3,474	2,623
Finance costs		0	0	0	0
Share of results in jointly controlled entity		<u>372</u>	<u>0</u>	<u>372</u>	<u>0</u>
Profit before tax	8	10,137	9,962	31,132	33,204
Income tax expense	18	<u>(899)</u>	<u>(2,663)</u>	<u>(5,469)</u>	<u>(7,922)</u>
Profit for the period		<u>9,238</u>	<u>7,299</u>	<u>25,663</u>	<u>25,282</u>
Other comprehensive income, net of tax					
Currency translation differences		294	(167)	(130)	834
Asset revaluation surplus		2,207	1,097	2,207	1,097
Reversal of deferred tax liabilities arising from the change in tax rates		0	412	0	412
Other comprehensive income, net of tax		<u>2,501</u>	<u>1,342</u>	<u>2,077</u>	<u>2,343</u>
Total comprehensive income for the period		<u>11,739</u>	<u>8,641</u>	<u>27,740</u>	<u>27,625</u>
Basic earnings per ordinary share (sen)	26	<u>14.438</u>	<u>11.406</u>	<u>40.105</u>	<u>39.506</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 (formerly known as Income Statements) should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2009 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 2010

	Note	UNAUDITED AS AT 31.12.2010 RM'000	AUDITED AS AT 31.12.2009 RM'000
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ASSETS			
Non-current assets			
Property, plant and equipment	9	32,625	24,477
Investment properties		27,442	18,291
Prepaid lease payments		12,744	8,370
Goodwill on consolidation		1,722	1,722
Investment in jointly controlled entity		372	0
Deferred tax assets		2,598	2,027
Total non-current assets		<u>77,503</u>	<u>54,887</u>
Current assets			
Inventories		27,073	26,826
Trade and other receivables		71,251	65,129
Current tax assets		937	1,418
Other assets		2,036	1,316
Restricted cash		57	58
Short-term deposits with licensed banks		75,395	107,469
Cash and bank balances		28,219	12,427
Total current assets		<u>204,968</u>	<u>214,643</u>
TOTAL ASSETS		<u>282,471</u>	<u>269,530</u>
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the Company			
Share capital		64,007	64,007
Less: Treasury Shares, at Cost		(99)	(40)
Reserves		169,578	158,637
Total equity		<u>233,486</u>	<u>222,604</u>
Non-current liabilities			
Deferred tax liabilities		4,332	3,639
Current liabilities			
Trade and other payables		43,525	42,505
Current tax liabilities		1,128	782
Total current liabilities		<u>44,653</u>	<u>43,287</u>
Total liabilities		<u>48,985</u>	<u>46,926</u>
TOTAL EQUITY AND LIABILITIES		<u>282,471</u>	<u>269,530</u>
NET ASSETS		233,486	222,604
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RM)			
		3.65	3.48

The Unaudited Condensed Consolidated Statement of Financial Position (formerly known as Balance Sheets) should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2009 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 2010

	<u>Share Capital</u> RM'000	<u>Non- distributable</u> RM'000	<u>Treasury Shares</u> RM'000	<u>Distributable Retained profits</u> RM'000	<u>Total</u> RM'000
Year ended 31 December 2009					
Balance as of 1 January 2009	64,007	29,575	(36)	118,236	211,782
Exchange difference on translation of net investment in foreign subsidiaries	0	834	0	0	834
Fair value adjustment upon transfer from property, plant and equipment to investment properties	0	1,423	0	0	1,423
Deferred tax liabilities on fair value adjustment on investment properties upon transfer from property, plant and equipment	0	(326)	0	0	(326)
Reversal of deferred tax liabilities arising from the change in tax rates	0	412	0	0	412
Net profit for the year	0	0	0	25,282	25,282
Total comprehensive income for the year	0	2,343	0	25,282	27,625
Transfer due to realisation of revaluation reserve	0	(302)	0	302	0
Buy-back of ordinary shares	0	0	(4)	0	(4)
Dividends	0	0	0	(16,799)	(16,799)
Balance as of 31 December 2009	<u>64,007</u>	<u>31,616</u>	<u>(40)</u>	<u>127,021</u>	<u>222,604</u>
Year ended 31 December 2010					
Balance as of 1 January 2010	64,007	31,616	(40)	127,021	222,604
Exchange difference on translation of net investment in foreign subsidiaries	0	(130)	0	0	(130)
Revaluation surplus on property, plant and equipment	0	2,942	0	0	2,942
Deferred tax liabilities arising from revaluation of property, plant and equipment	0	(735)	0	0	(735)
Net profit for the year	0	0	0	25,663	25,663
Total comprehensive income for the year	0	2,077	0	25,663	27,740
Transfer due to realisation of revaluation reserve	0	(310)	0	310	0
Buy-back of ordinary shares	0	0	(59)	0	(59)
Dividends	0	0	0	(16,799)	(16,799)
Balance as of 31 December 2010	<u>64,007</u>	<u>33,383</u>	<u>(99)</u>	<u>136,195</u>	<u>233,486</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 2009 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 2010

	12 months ended	
	31.12.2010 RM'000	31.12.2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	25,663	25,282
Adjustments for:		
Income tax expense	5,469	7,922
Non-cash items	2,928	4,507
Non-operating items	(2,005)	(2,671)
Operating profit before working capital changes	32,055	35,040
Changes in working capital:		
Net change in current assets	(6,793)	11,836
Net change in current liabilities	1,686	465
Cash generated from operations	26,948	47,341
Tax refunded	1,630	110
Tax paid	(6,885)	(9,435)
Net cash (used in)/generated from operating activities	21,693	38,016
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,239	1,477
Proceeds from disposal of property, plant and equipment	35	0
Purchase of property, plant and equipment	(8,753)	(1,965)
Cost of service of Investment Property	(556)	0
Acquisition of Investment Property	(8,397)	0
Acquisition of non-current assets and properties	(4,599)	0
Net cash used in investing activities	(21,031)	(488)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(16,799)	(16,799)
Repurchase of treasury shares	(59)	(4)
Bank balances held as security	1	(2)
Net cash used in financing activities	(16,857)	(16,805)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(16,195)	20,723
Effect of foreign exchange rate differences	(87)	795
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	119,896	98,378
CASH AND CASH EQUIVALENTS AT END OF PERIOD	103,614	119,896
REPRESENTED BY:-		
Short-term deposits with licensed banks	75,395	107,469
Cash and bank balances	28,219	12,427
	103,614	119,896

The Unaudited Condensed Consolidated Statement of Cash Flows (formerly known as Cash Flow Statements) should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2009 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 2010

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 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 2009.

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 2009. 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 2009.

The Group has adopted the following FRSs, IC Interpretation and Amendments to FRSs that have been issued by the MASB, except for FRSs 4 and 123, amendments to FRSs 2, 127, 132 and 139, and IC Interpretations 9, 11, 13 and 14 which are not applicable to the Group and of the Company.

- | | |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) FRS 4 | Insurance Contracts |
| (b) FRS 7 | Financial Instruments : Disclosures |
| (c) FRS 8 | Operating Segments |
| (d) FRS 101 | Presentation of Financial Statements
- Puttable Financial Instruments and Obligations Arising on Liquidation |
| (e) FRS 123 | Borrowing Cost (revised) |
| (f) FRS 139 | Financial Instruments : Recognition and Measurement |
| (g) Amendments to FRS 1 | First-time Adoption of Financial Reporting Standard |
| (h) Amendments to FRS 2 | Share-based Payment: Vesting Conditions and Cancellations |
| (i) Amendments to FRS 7 | Financial Instruments : Disclosures |
| (j) Amendments to FRS 127 | Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate |
| (k) Amendments to FRS 132 | Financial Instruments : Presentation
- Puttable Financial Instruments and Obligations Arising on Liquidation
- Separation of Compound Instruments |
| (l) Amendments to FRS 139 | Financial Instruments : Recognition and Measurement
- Reclassification of Financial Assets
- Collective Assessment of Impairment for Banking Institutions |
| (m) Improvements to FRSs (2009) | |
| (n) IC Interpretation 9 | Reassessment of Embedded Derivatives |
| (o) IC Interpretation 10 | Interim Financial Reporting and Impairment |
| (p) IC Interpretation 11 | FRS 2 - Group and Treasury Share Transactions |
| (q) IC Interpretation 13 | Customer Loyalty Programmes |

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FOR THE 4TH QUARTER ENDED 31 DECEMBER 2010

- (r) IC Interpretation 14 FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

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 2011. Amendments to FRSs 2 and 5, and IC Interpretations 9, 12, 15, 16 and 17 are not expected to be relevant to the operations of the Group and of the Company. The directors anticipate that the Standards and Interpretations will be adopted in the annual financial statements of the Group and of the Company 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 and of the Company in the period of initial application.

- | | |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| (a) FRS 1 | First-time Adoption of Financial Reporting Standards (revised) |
| (b) FRS 3 | Business Combination (revised) |
| (c) FRS 127 | Consolidated and Separate Financial Statements (revised) |
| (d) Amendments to FRS 1 | First-time Adoption of Financial Reporting Standards
- Limited Exemption from Comparative FRS 7 Disclosures for
First-time Adopters |
| (e) Amendments to FRS 2 | Share-based Payment |
| (f) Amendments to FRS 5 | Non-current Assets Held for Sales and Discontinued Operations |
| (g) Amendments to FRS 7 | Financial Instruments : Disclosures
- Improving Disclosures about Financial Instruments |
| (h) Amendments to FRS 138 | Intangible Assets |
| (i) IC Interpretation 9 | Reassessment of Embedded Derivatives |
| (j) IC Interpretation 12 | Service Concession Arrangements |
| (k) IC Interpretation 15 | Agreements for the Construction of Real Estate |
| (l) IC Interpretation 16 | Hedges of a Net Investment in a Foreign Operation |
| (m) IC Interpretation 17 | Distributions of Non-cash Assets to Owners |

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 year or prior financial years that have a material effect on the results during the current quarter and financial year-to-date.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2010

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 2010.

- a) During the financial year ended 31 December 2010, the company repurchased 14,600 of its issued share capital from the open market for an average price of RM4.06 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 2010, out of the total 64,007,000 issued and fully paid-up share capital, 26,700 are held as treasury shares. Hence, the number of outstanding ordinary shares in issue and fully paid-up is 63,980,300 ordinary shares of RM1 each. Shares purchased were stated at cost.

7 Dividends Paid

	12 months ended	
	<u>31.12.2010</u>	<u>31.12.2009</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 2009	11,039	-
- 23 sen gross per ordinary share of RM1.00 each, less tax at 25%, for 2008	-	11,039
b) First and final dividend:		
- 12 sen gross per ordinary share of RM1.00 each, less tax at 25%, for 2009	5,760	-
- 12 sen gross per ordinary share of RM1.00 each, less tax at 25%, for 2008	-	5,760
	<u>16,799</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.

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2010

Segments	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Year ended 31 December 2010</u>					
Revenue	301,320	5,846	15,960	(35,924)	<u>287,202</u>
Segment results	28,222	3	12,380	(13,319)	27,286
Investment revenue					3,474
Share of results in jointly controlled entity					<u>372</u>
Profit before tax					<u>31,132</u>
Segment assets	174,250	4,579	170,548	(173,650)	175,727
Income producing assets					102,837
Jointly controlled entity					372
Income tax assets					<u>3,535</u>
Total assets					<u>282,471</u>
<u>Year ended 31 December 2009</u>					
Revenue	235,189	3,671	2,460	(15,418)	<u>225,902</u>
Segment results	32,434	97	(1,818)	(132)	30,581
Investment revenue					<u>2,623</u>
Profit before tax					<u>33,204</u>
Segment assets	132,591	3,790	1,966	1,978	140,325
Income producing assets					125,760
Income tax assets					<u>3,445</u>
Total assets					<u>269,530</u>

9 Revaluation of Property, Plant and Equipment

The buildings and leasehold flats were revalued during the year based on the reports of an independent professional valuers using open market values on existing use basis. The net surplus of RM2.207 million arising from the revaluation was credited to revaluation reserve.

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 31 December 2010.

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.

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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12 Contingent Liabilities

As of 31 December 2010, 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 year under review.

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 recorded a revenue of RM73.679 million and a profit before tax of RM10.137 million in the current quarter ended 31 December 2010.

As compared to revenue of RM69.235 million and a profit before tax of RM9.962 million in the preceding year corresponding quarter, the revenue increased by RM4.444 million or 6.42%, which was mainly due to higher demand in all manufacturing activities in tandem with the improvement of worldwide economy. The profit before tax was slightly increased by RM0.175 million or 1.76% due to lower operating expenses and higher proceed from scrap. However, the profit was narrowed by greater losses on currency exchange transaction and lower margin due to higher material cost which caused by global shortage of electronic components.

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

The Group recorded a revenue of RM287.202 million and a profit before tax of RM31.132 million in the year ended 31 December 2010.

As compared to revenue of RM225.902 million and a profit before tax of RM33.204 million in the preceding year corresponding period, the revenue increased by RM61.300 million or 27.14%, which was mainly due to higher demand in all manufacturing activities in tandem with the improvement of worldwide economy; while profit before tax was decreased by RM2.072 million or 6.24% due to lower margin of product mix and higher losses from foreign currency exchange transactions. However, the decrease in profit was partly limited by higher proceed from scrap and higher investment income.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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15 Comparison with Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance RM '000	Variance %
	31.12.2010 RM '000	30.09.2010 RM '000		
Revenue	73,679	71,778	1,901	2.65%
Profit before tax	10,137	6,701	3,436	51.28%

The Group's revenue for the quarter under review was slightly increased by RM1.901 million or 2.65% if compared with the preceding quarter, RM71.778 million.

The Group recorded a profit before tax of RM10.137 million, representing a soar of RM3.436 million or 51.28% if compared to profit before tax of RM6.701 million in the preceding quarter. The increase was mainly due to higher margin of product mix, higher proceed from scrap and reversal of slow moving inventories provision.

16 Current Year Prospect

Demand for wire & cable and electronics products for next year is expected to grow steadily. The Group will continue to evaluate its strategies and step up efforts in improving the efficiency in its Group's operation to maintain its competitiveness in the market. Barring any unforeseen circumstances, the performance of the Group is expected to be better than current period.

17 Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was announced and published.

18 Income Tax Expense

	Quarter Ended		Year Ended	
	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
Income tax in respect of				
Current period	1,345	1,690	6,019	6,963
Under/(over) provision in prior year	63	(823)	63	(349)
Deferred tax expense/(income)	(509)	1,796	(613)	1,308
	<u>899</u>	<u>2,663</u>	<u>5,469</u>	<u>7,922</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 incentives enjoyed by the foreign subsidiary in Thailand under Investment Promotion Act of Thailand B.E. 1977 in which income derived from Board of Investment operations is entitled to corporate income tax reduction at 15%.

19 Sale of Unquoted Investments and/or Properties

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

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20 Quoted Securities

There was no purchase or disposal of quoted securities by the Group for the current quarter and financial year-to-date.

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

There were no borrowings and debt securities as of 31 December 2010.

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.

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.

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(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 2009, has been approved by the Company's shareholders at the Thirteenth Annual General Meeting on 21 May 2010 and has been paid on 8 June 2010 to depositors registered in the Record of Depositors on 27 May 2010:

- (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%.

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 year, excluding treasury shares held by the Company.

	Quarter Ended		Year Ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Profit attributable to ordinary equity shareholders (RM'000)	9,238	7,299	25,663	25,282
Weighted average number of ordinary share in issue (units'000)	63,985	63,995	63,991	63,995
Basic earnings per ordinary share (sen)	<u>14.438</u>	<u>11.406</u>	<u>40.105</u>	<u>39.506</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.

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27 Supplementary Information Disclosed Pursuant to Bursa Securities Listing Requirements

The following analysis of realised and unrealised retained profits at the legal entity level is 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 Securities Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the group level is based on the prescribed format by the Bursa Securities.

Realised and Unrealised Profits or Losses

	As at 31.12.2010	As at 30.09.2010
	RM'000	RM'000
Total retained profits of P.I.E. Industrial Berhad and it's subsidiaries		
- Realised	171,044	163,897
- Unrealised	5,885	3,883
	176,929	167,780
Total share of retained profits/(accumulated losses) from jointly controlled entity		
- Realised	347	(25)
- Unrealised	-	-
	177,276	167,755
Add : Consolidation adjustments	(41,081)	(40,881)
Total Group retained profits as per consolidated accounts	136,195	126,874

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.