

Company No.: 424086 X

P.I.E. INDUSTRIAL BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors of P.I.E. INDUSTRIAL BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2001.

PRINCIPAL ACTIVITIES

The Company was incorporated on March 21, 1997 and commenced commercial operations on October 1, 2001. The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiary companies are as stated in Note 9 to the Financial Statements. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

RESULTS OF OPERATIONS

	<u>The Group</u> RM	<u>The Company</u> RM
Profit/ (Loss) after tax for the year	6,634,259	(682,828)

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

A first and final dividend of 6.67 sen gross per ordinary share, tax-exempt, amounting to RM 4 million proposed in the previous financial year and dealt with in the previous directors' report was declared and paid by the Company during the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year except as mentioned in Note 18 to the Financial Statements.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On December 14, 2001, the Company had obtained approval from the Securities Commission (SC) for the proposed transfer of the listing of and quotation for the entire issued and paid-up share capital of PIB from the Second Board to the Main Board of the Kuala Lumpur Stocks Exchange (KLSE).

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohd Jawa Ahmad Murad Bin Abdul Aziz Mui Chung Meng Chen, Chih-Wen Cheng, Shing Tsung Yen, Chien-Kun Yeap Hun Leng Cheng, Ken-Yi Chang, Yen-Kuang Jou, Yen-Pong Y.A.M. Tengku Syarif Temenggung Perlis Dato' Seri Diraja Syed Amir Abidin Putra Jamalullail	(appointed on May 14, 2001) (appointed on December 26, 2001) (resigned on May 14, 2001) (resigned on May 14, 2001) (resigned on May 14, 2001) (resigned on August 8, 2001)
--	---

DIRECTORS' INTEREST

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

<u>Shares in the Company</u>	<u>No. of ordinary shares of RM1 each</u>			<u>Balance at 31.12.2001</u>
	<u>Balance at 1.1.2001</u>	<u>Bought</u>	<u>Sold</u>	
Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohd Jawa	10,001	-	-	10,001
Ahmad Murad Bin Abdul Aziz	10,001	-	-	10,001
Mui Chung Meng	10,000	-	-	10,000
Chen Chih Wen	10,000	-	-	10,000
Cheng, Shing Tsung	10,000	-	-	10,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except that certain directors received remuneration from related corporations in their capacities as directors or executives of those related corporations and for any benefits which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also shareholders of those companies as mentioned in Note 12 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

HOLDING COMPANIES

The Company's immediate and ultimate holding companies are Pan Global Holding Co. Ltd., a corporation incorporated in British Virgin Islands and Pan-International Industrial Corporation, a corporation incorporated in Taiwan respectively.

Company No.: 424086 X

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

MUI CHUNG MENG

CHEN, CHIH-WEN

Penang,

January 31, 2002

REPORT OF THE AUDITORS TO THE MEMBERS OF

P.I.E. INDUSTRIAL BERHAD
(Incorporated in Malaysia)

We have audited the accompanying balance sheets as of December 31, 2001 and the related statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of December 31, 2001 and of their results and cash flows for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report of a subsidiary company, Pan-International Corporation (S) Pte Ltd, of which we have not acted as auditors, being financial statements that have been included in the consolidated financial statements.

(FORWARD)

Company No.: 424086 X

DELOITTE KASSIMCHAN

REPORT OF THE AUDITORS TO THE MEMBERS OF

P.I.E. INDUSTRIAL BERHAD
(Incorporated in Malaysia)

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

TAN BOON HOE
1836/7/03(J)
Partner

January 31, 2002

Company No.: 424086 X

P.I.E. INDUSTRIAL BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

	Note	<u>The Group</u>		<u>The Company</u>	
		2001 RM	2000 RM	2001 RM	2000 RM
Revenue		144,383,748	181,758,282	129,600	4,132,400
Other operating income		3,205,090	1,670,523	305,634	110,659
Changes in inventories of finished goods and work in progress		(6,633,875)	5,260,027	-	-
Purchase of trading goods		(28,134,241)	(29,242,442)	-	-
Raw materials used		(79,249,603)	(107,264,881)	-	-
Staff costs	4	(10,312,402)	(13,381,510)	(975,338)	(88,039)
Depreciation of property, plant and equipment		(5,463,235)	(4,455,303)	-	-
Other operating expenses		(7,693,910)	(9,881,078)	(142,724)	(37,133)
Profit/ (Loss) from operations		10,101,572	24,463,618	(682,828)	4,117,887
Finance cost		(105,409)	(153,330)	-	-
Profit/ (Loss) before tax	5	9,996,163	24,310,288	(682,828)	4,117,887
Income tax expense	6	3,361,904	5,924,154	-	6,200
Net profit/ (loss) after tax for the year		6,634,259	18,386,134	(682,828)	4,111,687
Earnings per ordinary share	7	11.06 sen	33.13 sen		

The accompanying notes form an integral part of the financial statements.

P.I.E. INDUSTRIAL BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS
AS OF DECEMBER 31, 2001

	Note	<u>The Group</u>		<u>The Company</u>	
		2001 RM	2000 RM	2001 RM	2000 RM
PROPERTY, PLANT AND EQUIPMENT	8	47,656,009	51,507,025	-	-
INVESTMENT IN SUBSIDIARY COMPANIES	9	-	-	56,499,998	56,499,998
CURRENT ASSETS					
Inventories	10	18,912,897	49,489,943	-	-
Trade receivables	11	23,190,954	19,848,774	-	-
Other receivables and prepayments		1,716,714	758,182	18,596	500
Amount owing by ultimate holding company	12	130,919	186,966	-	-
Amount owing by subsidiary companies	12	-	-	10,000,000	21,516,200
Amount owing by related companies	12	1,598,283	4,066,670	-	-
Short-term deposits with licensed banks		41,080,809	8,274,541	6,900,000	150,000
Cash and bank balances		10,606,662	10,820,485	106,186	32,256
Total Current Assets		97,237,238	93,445,561	17,024,782	21,698,956
CURRENT LIABILITIES					
Trade payables	12	10,456,321	8,184,291	-	-
Other payables and accruals		3,313,478	4,754,231	43,992	30,338
Amount owing to ultimate holding company	12	142,948	656,932	-	-
Amount owing to related companies	12	756,223	1,299,457	-	-
Amount owing to directors		6,000	9,000	6,000	9,000
Bank borrowings	13	1,780,847	3,301,000	-	-
Tax liabilities		143,631	1,237,012	6,200	6,200
Total Current Liabilities		16,599,448	19,441,923	56,192	45,538
NET CURRENT ASSETS		80,637,790	74,003,638	16,968,590	21,653,418
		128,293,799	125,510,663	73,468,588	78,153,416

(FORWARD)

Company No.: 424086 X

P.I.E. INDUSTRIAL BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS
AS OF DECEMBER 31, 2001

	<u>Note</u>	<u>The Group</u>		<u>The Company</u>	
		<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
		RM	RM	RM	RM
SHARE CAPITAL	14	60,000,000	60,000,000	60,000,000	60,000,000
RESERVES	15	67,966,799	65,510,663	13,468,588	18,153,416
SHAREHOLDERS' EQUITY		127,966,799	125,510,663	73,468,588	78,153,416
DEFERRED TAX LIABILITIES	16	327,000	-	-	-
		<u>128,293,799</u>	<u>125,510,663</u>	<u>73,468,588</u>	<u>78,153,416</u>

The accompanying notes form an integral part of the financial statements.

P.I.E. INDUSTRIAL BERHAD
(Incorporated in Malaysia)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2001

<u>The Group</u>	<u>Share Capital</u>	<u>Share Premium</u>	<u>Revaluation/ Translation/ Merger Reserve*</u>	<u>Retained Profit</u>	<u>Total</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Balance as of January 1, 2000	51,000,000	-	(38,987,559)	57,339,155	69,351,596
Exchange loss on translation of net investment in foreign subsidiary	-	-	(112,128)	-	(112,128)
Surplus on revaluation of leasehold land, buildings and flats	-	-	14,827,895	-	14,827,895
Public issue of 9,000,000 new ordinary shares of RM1 each at RM2.80 per share	9,000,000	16,200,000	-	-	25,200,000
Listing expenses written off	-	(2,142,834)	-	-	(2,142,834)
Net profit after tax for the year	-	-	-	18,386,134	18,386,134
Balance as of December 31, 2000	60,000,000	14,057,166	(24,271,792)	75,725,289	125,510,663
Exchange loss on translation of net investment in foreign subsidiary	-	-	(176,123)	-	(176,123)
First and final dividend of 6.67 sen gross per ordinary share, tax exempt, declared and paid in respect of the financial year ended December 31, 2000	-	-	-	(4,002,000)	(4,002,000)
Net profit after tax for the year	-	-	-	6,634,259	6,634,259
	<u>60,000,000</u>	<u>14,057,166</u>	<u>(24,447,915)</u>	<u>78,357,548</u>	<u>127,966,799</u>

* An analysis of the movement of these reserves is shown below:

	<u>Revaluation Reserve</u>	<u>Translation Reserve</u>	<u>Merger Deficit</u>	<u>Total</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Balance as of January 1, 2000	-	12,439	(38,999,998)	(38,987,559)
Exchange loss on translation of net investment in foreign subsidiary	-	(112,128)	-	(112,128)
Surplus on revaluation of leasehold land, buildings and flats	14,827,895	-	-	14,827,895
Balance as of December 31, 2000	14,827,895	(99,689)	(38,999,998)	(24,271,792)
Exchange loss on translation of net investment in foreign subsidiary	-	(176,123)	-	(176,123)
Balance as of December 31, 2001	<u>14,827,895</u>	<u>(275,812)</u>	<u>(38,999,998)</u>	<u>(24,447,915)</u>

(FORWARD)

Company No.: 424086 X

P.I.E. INDUSTRIAL BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2001

The Company

	Share Capital	Share Premium	Retained Profit	Total
	RM	RM	RM	RM
Balance as of January 1, 2000	2	-	(15,437)	(15,435)
Allotment of 50,999,998 new ordinary shares of RM1 each at approximately RM1.32 per share in exchange for shares of subsidiary companies	50,999,998	-	-	50,999,998
Public issue of 9,000,000 new ordinary shares of RM1 each at RM2.80 per share	9,000,000	16,200,000	-	25,200,000
Listing expenses written off	-	(2,142,834)	-	(2,142,834)
Net profit after tax for the year	-	-	4,111,687	4,111,687
Balance as of December 31, 2000	60,000,000	14,057,166	4,096,250	78,153,416
First and final dividend of 6.67 sen gross per share, tax exempt, declared and paid in respect of the financial year ended December 31, 2000	-	-	(4,002,000)	(4,002,000)
Loss after tax for the year	-	-	(682,828)	(682,828)
Balance as of December 31, 2001	60,000,000	14,057,166	(588,578)	73,468,588

The accompanying notes form an integral part of the financial statements.

P.I.E. INDUSTRIAL BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>The Group</u>		<u>The Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/ (Loss) before tax	9,996,163	24,310,288	(682,828)	4,117,887
Adjustments for:				
Depreciation of property, plant and equipment	5,463,235	4,455,303	-	-
Allowance for slow moving inventories	754,346	1,759,432	-	-
Bad debts written off	330,949	6,950	-	-
Interest expenses	105,409	153,330	-	-
Allowance for doubtful debts	41,608	109,725	-	-
Plant and equipment written off	1,047	2	-	-
Allowance for slow moving inventories no longer required	(1,032,579)	-	-	-
Interest income	(709,329)	(524,253)	(305,634)	(110,659)
Allowance for doubtful debts no longer required	(172,586)	-	-	-
(Gain)/ Loss on disposal of plant and equipment	(16,000)	922	-	-
Dividend income	-	-	-	(4,100,000)
Operating profit/ (loss) before working capital changes	14,762,263	30,271,699	(988,462)	(92,772)
(Increase)/ Decrease in:				
Inventories	30,855,279	(33,825,979)	-	-
Trade receivables	(3,542,151)	4,851,701	-	-
Other receivables and prepayments	(769,930)	1,061,016	(1,000)	(500)
Amount owing by ultimate holding company	56,047	(113,534)	-	-
Amount owing by subsidiary companies	-	-	11,516,200	(21,516,200)
Amount owing by related companies	2,468,387	1,026,409	-	-
Increase/ (Decrease) in:				
Trade payables	2,272,030	1,642,282	-	-
Other payables and accruals	(1,440,753)	(6,025,460)	13,654	14,901
Amount owing to ultimate holding company	(513,984)	(1,759,587)	-	-

(FORWARD)

P.I.E. INDUSTRIAL BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>The Group</u>		<u>The Company</u>	
	2001 RM	2000 RM	2001 RM	2000 RM
Amount owing to related companies	(543,234)	(45,052)	-	-
Amount owing to directors	(3,000)	(6,711)	(3,000)	9,000
Cash generated from/ (used in) operations	43,600,954	(2,923,216)	10,537,392	(21,585,571)
Tax paid	(4,298,351)	(5,626,532)	-	-
Net cash (used in)/ generated from operating activities	39,302,603	(8,549,748)	10,537,392	(21,585,571)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	692,233	524,253	288,538	110,659
Proceeds from disposal of plant and equipment	16,000	359	-	-
Purchase of property, plant and equipment	(1,616,289)	(12,136,107)	-	-
Cash paid for acquisition of subsidiaries	-	-	-	(5,500,000)
Dividend income	-	-	-	4,100,000
Net cash used in investing activities	(908,056)	(11,611,495)	288,538	(1,289,341)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(4,002,000)	-	(4,002,000)	-
(Decrease)/ Increase in bank borrowings	(1,711,000)	3,301,000	-	-
Interest paid	(105,409)	(153,330)	-	-
Proceeds from public issue of shares	-	25,200,000	-	25,200,000
Listing expenses paid	-	(2,142,834)	-	(2,142,834)
Net cash (used in)/ generated from financing activities	(5,818,409)	26,204,836	(4,002,000)	23,057,166
NET INCREASE IN CASH AND CASH EQUIVALENTS	32,576,138	6,043,593	6,823,930	182,254
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	19,095,026	13,164,720	182,256	2
Exchange translation differences	(174,540)	(113,287)	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)	51,496,624	19,095,026	7,006,186	182,256

The accompanying notes form an integral part of the financial statements.

P.I.E. INDUSTRIAL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001

1. PRINCIPAL ACTIVITIES

The Company was incorporated on March 21, 1997 and commenced commercial operations on October 1, 2001. The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiary companies are as stated in Note 9. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified to include the revaluation of certain property, plant and equipment.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to December 31, 2001. All significant intercompany balances and transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only. The Group adopts both the acquisition and merger methods of consolidation.

Acquisition of subsidiary companies which meets the criteria for merger accounting under the Companies Act, 1965 and Malaysian Accounting Standard No. 2, Accounting for Acquisitions and Mergers, are accounted for using merger accounting principles. When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued, cash and cash equivalents and fair values of other considerations. The difference between the carrying value of the investment and the nominal value of shares transferred is treated as merger reserves/ deficits in the consolidated financial statements in accordance with the merger relief provisions under Section 60(4) of the Companies Act, 1965. The results of the subsidiary companies being merged are presented as if the merger had been effected throughout the financial year.

The financial statements of all subsidiary companies are consolidated under the merger method except for the financial statements of the indirect subsidiary companies which are consolidated under the acquisition method.

Revenue and Revenue Recognition

Revenue of the Group represents gross invoiced values of sales less sales returns. Revenue of the Company represents gross dividend income and gross service fees from the rendering of management services.

Sales revenue are recognised upon delivery of products when the risks and rewards of ownership has passed. Other revenues are recognised on an accrual basis.

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing on the transaction dates and, where settlement of liabilities and receivables has not yet taken place at the end of the financial year, at the approximate exchange rates prevailing on that date. Gains or losses arising from foreign currency conversions are taken up in the income statements.

For the purpose of consolidation, the financial statements of the foreign subsidiary company have been translated into Ringgit Malaysia as follows:

Assets and liabilities - at closing rate of SGD1 : RM2.05 (2000: SGD1 : RM2.21)
Issued capital - at historical cost
Revenue and expenses - at average rate

Exchange differences due to such currency translation are dealt with through translation reserve account under shareholders' equity.

Income Tax

The tax effects of transactions are generally recognised, using the liability method, when such transactions enter into determination of net income regardless of when they are recognised for tax purposes. However, where timing differences give rise to a net deferred tax asset, the tax effects are recognised generally on actual realisation.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Depreciation of property, plant and equipment is computed on the straight-line method based on the estimated useful lives of the various property, plant and equipment at the following annual rates:

	<u>Rates</u>
Leasehold improvement	20%
Buildings	2% - 10%
Plant and machinery	10% - 20%
Production tools and equipment	10% & 16.67%
Furniture, fixtures and office equipment	10% - 33.3%
Mechanical and electrical installation	10% & 20%
Motor vehicles	20%

Leasehold land and leasehold flats are depreciated over the lease period of 60 years and 99 years respectively.

The Group carried its leasehold land, buildings and leasehold flats at revalued amounts. These assets shall be revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where there are significant and volatile movements in fair value of the revalued assets.

Investments In Subsidiary Companies

Investments in subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at cost under the acquisition method or at nominal value of the shares issued, cash and cash equivalents and fair values of other considerations in exchange for shares in subsidiary companies acquired under the merger method as applicable.

Allowance for diminution in value is made when the directors consider that there is a permanent diminution in the value of investments.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average method. Cost of raw materials consists of the purchase price plus the cost incurred in bringing the inventories to their present location. Cost of work-in-progress and finished goods consist of cost of raw materials, direct labour and an appropriate proportion of factory overheads. Goods-in-transit is stated at cost. Allowance is made for obsolete, slow moving or defective items where appropriate.

Receivables

Bad debts are written off while allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivables accounts.

Provisions

Provisions are made when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be recognised to settle the obligation, and when a reliable estimate of the amount can be made.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and bank balances, demand deposits and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4. GENERAL INFORMATION

	<u>The Group</u>		<u>The Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Number of directors and employees at end of year:				
Directors	15	13	7	9
Employees	639	735	2	3

Staff costs include directors' remuneration, salaries, bonuses, contributions to employees' provident fund and all other staff related expenses.

The Company's registered office and principal place of business are at 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Georgetown, Penang, Malaysia and Plot 6, Jalan Jelawat Satu, Seberang Jaya Industrial Estate, Seberang Jaya, 13700 Prai, Penang, Malaysia respectively.

5. PROFIT/ (LOSS) BEFORE TAX

Profit/ (Loss) before tax is arrived at:

	<u>The Group</u>		<u>The Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	RM	RM	RM	RM
After charging:				
Allowance for slow moving inventories	754,346	1,759,432	-	-
Directors' remuneration:				
Fee	30,000	36,000	30,000	36,000
Emoluments	627,959	589,620	295,216	25,080
Rental of accommodation provided	4,000	4,000	-	-
Provision for bonus	640,603	540,330	530,384	-
Bad debts written off	330,949	6,950	-	-
Interest on bank borrowings	105,409	153,330	-	-
Rental of premises	73,329	88,922	-	-
Audit fee:				
Statutory	63,658	63,600	16,000	16,000
Overprovision in prior year	-	(3,600)	-	-
Realised loss on foreign exchange	58,677	-	-	-
Allowance for doubtful debts	41,608	109,725	-	-
Loss on disposal of plant and equipment	-	922	-	-
Plant and equipment written off	1,047	2	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
And crediting:				
Allowance for slow moving inventories no longer required	1,032,579	-	-	-
Interest on short-term deposits	709,329	524,253	305,634	110,659
Realised gain on foreign exchange	492,641	598,304	-	-
Allowance for doubtful debts no longer required	172,586	-	-	-
Gain on disposal of plant and equipment	16,000	-	-	-
Bad debts recovered	4,245	8,965	-	-
Gross dividend from subsidiary companies	-	-	-	4,100,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

6. INCOME TAX EXPENSE

	<u>The Group</u>		<u>The Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	RM	RM	RM	RM
Estimated tax payable:				
Malaysian:				
Current year	3,045,000	6,289,200	-	6,200
Foreign:				
Current year	5,864	33,183	-	-
(Over)/ Underprovision in prior year	(15,960)	1,771	-	-
Deferred tax (Note 16)	327,000	(400,000)	-	-
	<u>3,361,904</u>	<u>5,924,154</u>	<u>-</u>	<u>6,200</u>

The Group's taxation for the current year reflects an effective tax rate which is higher than the statutory income tax rate due mainly to certain expenses are not allowable as deduction for income tax purposes.

The Group's taxation in prior year reflects an effective tax rate which is lower than the statutory income tax due to the claim of reinvestment allowances. The Company's taxation in prior year reflects an effective tax rate which is lower than the statutory income tax rate because the dividend income received was exempted from tax.

No provision for income tax is made for the Company in view of the losses incurred in the current year.

7. EARNINGS PER ORDINARY SHARE

<u>Basic</u>	<u>2001</u>	<u>2000</u>
	RM	RM
Net profit attributable to ordinary shareholders	<u>6,634,259</u>	<u>18,386,134</u>
	<u>2001</u>	<u>2000</u>
	Units	units
Number of shares in issue as of January 1	60,000,000	2
Effect of issued for acquisition of subsidiary companies	-	25,499,998
Effect of public issued	-	30,000,000
	<u>60,000,000</u>	<u>55,500,000</u>
	<u>2001</u>	<u>2000</u>
Basic earnings per share (sen)	<u>11.06</u>	<u>33.13</u>

8. PROPERTY, PLANT AND EQUIPMENTThe Group

<u>Cost Unless Stated Otherwise</u>	<u>Beginning of year</u>	<u>Additions</u>	<u>Disposals/ Written-off</u>	<u>Revaluation/ Exchange Reserve</u>	<u>End of year</u>
	RM	RM	RM	RM	RM
2001:					
Long leasehold land					
- at cost	2,013,795	-	-	-	2,013,795
- at 2000 valuation	10,149,047	-	-	-	10,149,047
Leasehold improvement	203,884	-	-	-	203,884
Buildings					
- at cost	2,886,205	-	-	-	2,886,205
- at 2000 valuation	18,990,083	-	-	-	18,990,083
Plant and machinery	32,166,584	1,315,920	-	-	33,482,504
Production tools and equipment	1,604,880	102,530	-	-	1,707,410
Furniture, fixtures and office equipment	2,021,466	66,744	(34,322)	(5,235)	2,048,653
Mechanical and electrical installation	1,523,337	85,200	-	-	1,608,537
Motor vehicles	1,352,559	45,895	(67,070)	(3,501)	1,327,883
Leasehold flats - at 2000 valuation	2,170,000	-	-	-	2,170,000
	<u>75,081,840</u>	<u>1,616,289</u>	<u>(101,392)</u>	<u>(8,736)</u>	<u>76,588,001</u>
2000	<u>50,917,443</u>	<u>12,136,107</u>	<u>(161,584)</u>	<u>12,189,874</u>	<u>75,081,840</u>

Accumulated Depreciation	Beginning of year	Charge for The year	Disposals/ Written-off	Revaluation/ Exchange Reserve	End of year
RM	RM	RM	RM	RM	RM
2001:					
Long leasehold land					
- at cost	3,356	40,276	-	-	43,632
- at 2000 valuation	154,936	202,981	-	-	357,917
Leasehold improvement	203,862	-	-	-	203,862
Buildings					
- at cost	24,052	288,621	-	-	312,673
- at 2000 valuation	661,997	563,472	-	-	1,225,469
Plant and machinery	17,728,055	3,703,064	-	-	21,431,119
Production tools and equipment	953,092	179,420	-	-	1,132,512
Furniture, fixtures and office equipment	1,544,646	143,052	(33,275)	(5,114)	1,649,309
Mechanical and electrical installation	1,348,385	154,346	-	-	1,502,731
Motor vehicles	931,753	164,416	(67,070)	(599)	1,028,500
Leasehold flats					
- at 2000 valuation	20,681	23,587	-	-	44,268
	<u>23,574,815</u>	<u>5,463,235</u>	<u>(100,345)</u>	<u>(5,713)</u>	<u>28,931,992</u>
2000	<u>21,917,440</u>	<u>4,455,303</u>	<u>(160,301)</u>	<u>(2,637,627)</u>	<u>23,574,815</u>

* Exchange reserve arising from translation of a foreign subsidiary company.

	2001 RM	2000 RM
Net Book Value:		
Long leasehold land		
- at cost	1,970,163	2,010,439
- at 2000 valuation	9,791,130	9,994,111
Leasehold improvement	22	22
Buildings		
- at cost	2,573,532	2,862,153
- at 2000 valuation	17,764,614	18,328,086
Plant and machinery	12,051,385	14,438,529
Production tools and equipment	574,898	651,788
Furniture, fixtures and office equipment	399,344	476,820
Mechanical and electrical installation	105,806	174,952
Motor vehicles	299,383	420,806
Leasehold flats		
- at 2000 valuation	2,125,732	2,149,319
	<u>47,656,009</u>	<u>51,507,025</u>

The short leasehold land, buildings and leasehold flats of the Group were revalued in 2000 based on the reports of an independent firm of professional valuers, Jones Lang Wootton using open market values on existing use basis. The valuations were carried out by Mr. Tay Tam, FISM, B.Surv. (Hons). Prop. Mgt., a registered valuer. The surplus arising from the revaluation amounting to RM14,827,895, which was approved by the Securities Commission on October 4, 1999, was credited to revaluation reserve.

The tax effect relating to the increase in the carrying value of the revalued properties are not disclosed or provided for as there is no intention to dispose of these assets in the foreseeable future.

The historical cost of the long leasehold land, buildings and leasehold flats of the Group which were revalued are as follows:

	<u>2001</u> RM	<u>2000</u> RM
At cost:		
Long leasehold land	3,530,739	3,530,739
Buildings	14,109,458	14,109,458
Leasehold flats	1,472,000	1,472,000
	19,112,197	19,112,197
Accumulated depreciation:		
Long leasehold land	655,064	596,218
Buildings	3,433,685	3,028,764
Leasehold flats	120,189	105,320
	4,208,938	3,730,302
Net book value	<u>14,903,259</u>	<u>15,381,895</u>

As of December 31, 2001, the title deed to a short leasehold land of the Group with a carrying value of RM1,970,163 (2000: RM2,010,439) is in the process of being transferred to the name of one of the subsidiary company.

As of December 31, 2001, the strata titles for the leasehold flats with a carrying value of RM2,125,732 (2000: RM2,149,319) have not yet been issued by the relevant authorities to one of the subsidiary company.

9. INVESTMENT IN SUBSIDIARY COMPANIES

	<u>The Company</u>	
	<u>2001</u> RM	<u>2000</u> RM
Unquoted shares, at cost	56,499,998	56,499,998

The subsidiary companies are as follows:

	Country of incorporation	Principal Activity	Percentage of Ownership	
			<u>2001</u>	<u>2000</u>
<u>Direct holdings</u>				
Pan-International Electronics (Malaysia) Sdn. Bhd.	Malaysia	Contract electronic manufacturing and cable and PCB assemblies	100%	100%
Pan-International Wire & Cable (Malaysia) Sdn. Bhd.	Malaysia	Manufacture of cables and wires for electronic devices and cable moulding components	100%	100%
<u>Indirect holdings</u>				
*PIE Enterprise (M) Sdn. Bhd.	Malaysia	Trading of cables and computers	100%	100%
*Pan-International Corporation (S) Pte. Ltd.	Singapore	Marketing and trading of mechanical, electrical, computer, capacitors, resistors and telecommunication components and equipment	100%	100%

* The above companies are wholly owned by Pan-International Electronics (Malaysia) Sdn. Bhd.

10. INVENTORIES

	<u>The Group</u>	
	<u>2001</u> RM	<u>2000</u> RM
At cost:		
Raw materials	13,814,351	37,229,061
Work-in-progress	5,038,209	8,267,328
Finished goods	2,729,975	6,140,193
Goods-in-transit	-	801,232
	<u>21,582,535</u>	<u>52,437,814</u>
Less: Allowance for slow moving inventories	(2,669,638)	(2,947,871)
	<u>18,912,897</u>	<u>49,489,943</u>

11. TRADE RECEIVABLES

	<u>The Group</u>	
	<u>2001</u> RM	<u>2000</u> RM
Amount outstanding	23,519,741	20,361,538
Less: Allowance for doubtful debts	(328,787)	(512,764)
	<u>23,190,954</u>	<u>19,848,774</u>

12. HOLDING COMPANIES AND RELATED PARTIES TRANSACTIONS

The Company's immediate and ultimate holding companies are Pan Global Holding Co. Ltd., a corporation incorporated in British Virgin Islands and Pan-International Industrial Corporation, a corporation incorporated in Taiwan respectively.

The amount owing by/ (to) other related companies are as follows:

	<u>The Group</u>	
	<u>2001</u>	<u>2000</u>
	RM	RM
Amount owing by related companies:		
PT Pan Super Bintang Surya Manufacturing	1,119,694	3,395,646
Pan-International Electronics (Thailand) Co. Ltd.	478,589	671,024
	<u>1,598,283</u>	<u>4,066,670</u>

	<u>The Group</u>	
	<u>2001</u>	<u>2000</u>
	RM	RM
Amount owing to related companies:		
PT Pan Super Bintang Surya Manufacturing	756,223	1,109,814
Pan-International Electronics (Thailand) Co. Ltd.	-	181,992
Pan-International Electronics Inc.	-	7,651
	<u>756,223</u>	<u>1,299,457</u>

Included in the following accounts of the Group as of December 31, 2001 are amounts owing by/ to related parties:

	<u>The Group</u>	
	<u>2001</u>	<u>2000</u>
	RM	RM
Trade receivables:		
Foxconn Advanced Technology Inc. Ltd. (a)	2,659,309	-
Hon Hai Precision Industry Co. Ltd. (b)	630,852	-
	<u>3,290,161</u>	<u>-</u>

	<u>The Group</u>	
	<u>2001</u>	<u>2000</u>
	RM	RM
Trade payables:		
Foxconn Advanced Technology Inc. Ltd. (a)	2,613,488	-
Hon Hai Precision Industry Co. Ltd. (b)	249,474	192,193
	<u>2,862,962</u>	<u>192,193</u>

(a) Company in which a director of the Company, is also a director of the company.

(b) A substantial shareholder of Pan-International Industrial Corporation.

The amount owing by/ (to) ultimate holding company, other related companies and related parties arose mainly from trade transaction.

Significant transactions between the Group and its related parties during the financial year are as follows:

	<u>The Group</u>	
	<u>2001</u>	<u>2000</u>
	RM	RM
<u>With Ultimate Holding Company</u>		
Purchase of trading goods	931,566	23,591,450
Purchase of raw materials	518,808	271,837
Sales of finished goods	290,046	305,638
Purchase of property, plant and equipment	148,164	70,183
Commission income received	464	157,166
Miscellaneous purchases	421,317	588,189
	<u> </u>	<u> </u>
<u>With Other Related Companies</u>		
Sales of finished goods		
Pan-International Electronics (Thailand) Co. Ltd.	2,111,778	3,031,180
PT Pan Super Bintang Surya Manufacturing	1,682,595	2,437,888
Dong Guan Pan International Wire & Cable Co. Ltd.	-	423,700
Pan-Precision Technology Co. Ltd.	-	9,300
Purchase of trading goods		
PT Pan Super Bintang Surya Manufacturing	2,168,699	2,102,995
Sales commission paid		
Pan-International Electronics Inc.	22,953	91,813
Purchase of raw materials		
Pan-International Electronics (Thailand) Co. Ltd.	9,029	1,871
PT Pan Super Bintang Surya Manufacturing	5,172	23,095
Sales of semi-finished goods		
Pan-International Electronics (Thailand) Co. Ltd.	6,800	-
	<u> </u>	<u> </u>
<u>With Related Parties</u>		
Sales of finished goods		
Foxconn Advanced Technology Inc.	2,937,462	-
Hon Hai Precision Industry Co. Ltd.	861,892	779
Purchase of raw materials		
Foxconn Advanced Technology Inc.	2,879,184	-
Hon Hai Precision Industry Co. Ltd.	845,371	4,235,516
	<u> </u>	<u> </u>

The directors of the Company are of the opinion that the above transactions have been entered in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

13. BANK BORROWINGS

	<u>The Group</u>	
	2001 RM	2000 RM
Bankers acceptance	1,590,000	3,301,000
Bank overdraft	190,847	-
	<u>1,780,847</u>	<u>3,301,000</u>

The Group has banking facilities totalling RM67.85 million obtained from three local banks. The banking facilities bear interests at rates ranging from 0.1% to 1.5% per annum above the lending banks' base lending rates and are secured by corporate guarantee from the Company.

14. SHARE CAPITAL

	<u>The Group</u>		<u>The Company</u>	
	2001 RM	2000 RM	2001 RM	2000 RM
Shares of RM1 each:				
Authorised:				
At beginning of year	100,000,000	100,000	100,000,000	100,000
Created during the year	-	99,900,000	-	99,900,000
At end of year	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Ordinary shares of RM1 each:				
Issued and fully paid:				
At beginning of year	60,000,000	2	60,000,000	2
Issued during the year	-	50,999,998	-	50,999,998
Public issue	-	9,000,000	-	9,000,000
At end of year	<u>60,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>

15. RESERVES

	<u>The Group</u>		<u>The Company</u>	
	2001 RM	2000 RM	2001 RM	2000 RM
Non-distributable:				
Share premium	14,057,166	14,057,166	14,057,166	14,057,166
Revaluation reserve	14,827,895	14,827,895	-	-
Translation reserve	(275,812)	(99,689)	-	-
Merger deficit	(38,999,998)	(38,999,998)	-	-
	<u>(10,390,749)</u>	<u>(10,214,626)</u>	<u>14,057,166</u>	<u>14,057,166</u>
Distributable:				
Retained profit/ (Accumulated loss)	78,357,548	75,725,289	(588,598)	4,096,250
	<u>67,966,799</u>	<u>65,510,663</u>	<u>13,468,588</u>	<u>18,153,416</u>

The share premium is used to record the difference between the issue price and the nominal value of shares issued.

The revaluation reserve is used to record increase and decrease in revaluation of non-current assets. This amount arose from the revaluation of short leasehold land, buildings and leasehold flats as disclosed in Note 8.

The translation reserve is used to record exchange differences arising on translation of foreign subsidiary company.

The merger deficit is used to record the difference between the carrying value of the investment and the nominal value of shares transferred.

Distributable reserves are those available for distribution by way of dividends. Based on the estimated tax credits and tax exempt income available and the prevailing tax rate applicable to dividends, the retained profit of the Company is available for distribution by way of cash dividends without incurring additional tax liability.

16. DEFERRED TAX LIABILITIES

	<u>The Group</u>		<u>The Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Balance as of beginning of year	-	400,000	-	-
Transfer from/ (to) income statements (Note 6)	327,000	(400,000)	-	-
Balance as of end of year	<u>327,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
The deferred tax liability is represented by the tax effects of the following:				
Tax effect of timing differences between tax capital allowances and depreciation of property, plant and equipment	(1,338,000)	-	-	-
Tax effect of other timing differences	1,011,000	-	-	-
	<u>327,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

As mentioned in Note 3, the tax effects of timing differences which give rise to net deferred tax assets are recognised generally on actual realisation. As of December 31, 2001, the amount of deferred taxation, calculated at applicable tax rates, which is not recognised in the financial statements, is as follows:

	<u>The Group</u>	
	<u>Deferred Asset/(Liability)</u>	
	<u>2001</u>	<u>2000</u>
	RM	RM
Tax effects of timing differences between tax capital allowances and depreciation on property, plant and equipment	(86,000)	(1,574,500)
Tax effects of other timing differences	246,000	1,694,600
	<u>160,000</u>	<u>120,100</u>

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements consist of the following balance sheet items:

	<u>The Group</u>		<u>The Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	RM	RM	RM	RM
Short-term deposits with licensed banks	41,080,809	8,274,541	6,900,000	150,000
Cash and bank balances	10,606,662	10,820,485	106,186	32,256
Bank overdrafts	(190,847)	-	-	-
	<u>51,496,624</u>	<u>19,095,026</u>	<u>7,006,186</u>	<u>182,256</u>

18. CONTINGENT LIABILITY - Unsecured

As of December 31, 2001, the Company is contingently liable to the extent of RM54.85 million in respect of guarantees given for credit facilities granted by certain banks and other financial institutions to subsidiary companies.

19. LEASE COMMITMENTS

As of December 31, 2001, non-cancellable long-term lease commitments pertaining to the Group in respect of rental of premises are as follows:

	<u>2001</u>	<u>2000</u>
	RM	RM
2001	-	66,920
2002	38,270	15,750
2003	3,010	-
	<u>41,280</u>	<u>82,670</u>

20. SEGMENTAL INFORMATIONAnalysis by Geographical Area

The point of origin (the location of the manufacturing facilities) of revenue and the location of the assets determine the geographical area. The following tables set forth information by geographical area of the Group for the year ended December 31, 2001:

	<u>Turnover</u>	<u>Profit before tax</u>	<u>Total Assets Employed</u>
	RM	RM	RM
<u>2001</u>			
Malaysia	137,875,811	5,908,708	141,143,150
Singapore	6,507,937	4,087,455	3,750,097
	<u>144,383,748</u>	<u>9,996,163</u>	<u>144,893,247</u>
<u>2000</u>			
Malaysia	170,565,927	24,139,480	140,481,022
Singapore	11,192,355	170,808	4,471,564
	<u>181,758,282</u>	<u>24,310,288</u>	<u>144,952,586</u>

Analysis by Activities

The analysis of the Group's operations by activities is as follows:

	<u>Turnover</u>	<u>Profit before tax</u>	<u>Total Assets Employed</u>
	RM	RM	RM
<u>2001</u>			
Manufacturing	114,206,583	10,000,639	130,102,502
Trading	30,177,165	1,011,027	7,765,963
Others	-	(1,015,503)	7,024,782
	<u>144,383,748</u>	<u>9,996,163</u>	<u>144,893,247</u>
<u>2000</u>			
Manufacturing	150,485,223	23,439,388	135,068,830
Trading	31,273,059	885,413	9,701,000
Others	-	(14,513)	182,756
	<u>181,758,282</u>	<u>24,310,288</u>	<u>144,952,586</u>

Company No.: 424086 X

P.I.E. INDUSTRIAL BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The directors of P.I.E. INDUSTRIAL BERHAD state that, in their opinion, the accompanying balance sheets and the related statements of income, changes in equity and cash flows, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of December 31, 2001 and of their results and cash flows for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

MUI CHUNG MENG

CHEN, CHIH-WEN

Penang,

January 31, 2002

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR
THE FINANCIAL MANAGEMENT OF THE COMPANY

I, CHEN, CHIH-WEN, the director primarily responsible for the financial management of P.I.E. INDUSTRIAL BERHAD, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, changes in equity and cash flows, are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)

the abovenamed CHEN, CHIH-WEN at)

GEORGETOWN in the State of PENANG)

on January 31, 2002

) CHEN CHIH WEN

before me,

GM. GOVINDASAMY
COMMISSIONER FOR OATHS

Company No.: 424086 X

P.I.E. INDUSTRIAL BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>2001</u> RM	<u>2000</u> RM
Turnover	129,600	4,132,400
Administrative expenses	(1,118,062)	(125,172)
Other operating income		
- Interest income	305,634	110,659
	<u>(682,828)</u>	<u>4,117,887</u>
(Loss)/ Profit from operations		
Finance costs	-	-
	<u>(682,828)</u>	<u>4,117,887</u>
(Loss)/ Profit before tax		
Income tax expense	-	6,200
	<u>(682,828)</u>	<u>4,111,687</u>
Net (loss)/ profit after tax for the year		

This statement has been included for management use only does not form part of the audited financial statements of the Company.

Company No.: 424086 X

P.I.E. INDUSTRIAL BERHAD
(Incorporated in Malaysia)

SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>2001</u>	<u>2000</u>
	RM	RM
Staff costs:		
Directors' remuneration:		
Fee	30,000	36,000
Other emoluments	295,216	25,080
Bonus	530,384	-
Salary and wages	98,400	24,600
Bonus	10,704	-
Employees provident fund and social security		
Contributions	10,634	2,334
Medical expenses	-	25
Professional fee	49,150	4,616
Printing and stationery	37,236	5,681
Audit fee	16,000	16,000
Postage	9,787	226
Share registration expenses	7,200	-
Secretarial fee	6,600	3,900
Advertisement	2,211	200
Training expenses	2,050	-
KLSE Annual Listing fee	2,000	-
Meeting expenses	1,150	-
Bank charges	727	640
Telephone	446	207
Travelling and outstation expenses	291	4,187
Entertainment	-	263
Miscellaneous	7,876	1,213
	<u>1,118,062</u>	<u>125,172</u>

This statement has been included for management use only does not form part of the audited financial statements of the Company.

Company No.: 424086 X

P.I.E. INDUSTRIAL BERHAD
(COMPANY NO.: 424086 X)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
DECEMBER 31, 2001
(In Ringgit Malaysia)

Company No.: 424086 X

P.I.E. INDUSTRIAL BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
DECEMBER 31, 2001

CONTENTS

	PAGE
Directors' report	1-4
Report of the auditors	5-6
Income statements	7
Balance sheets	8-9
Statements of changes in equity	10-11
Cash flow statements	12-13
Notes to the financial statements	14-28
Statement by directors	29
Declaration by the director primarily responsible for the financial management of the Company	29