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, 2002.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiary companies are as stated in Note 10 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

	The Group	The Company
	RM	RM
Profit after tax for the year	7,415,815	20,878,598

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 10 sen gross per ordinary share, tax-exempt, amounting to RM6,000,000 in respect of the financial year ended December 31, 2001 which was proposed 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.

EMPLOYEE SHARE OPTION SCHEME

The P.I.E. Industrial Berhad's Employee Share Option Scheme ("ESOS") was approved by the shareholders at an Extraordinary General Meeting held on December 2, 2002 and all relevant authorities.

The principal features of the ESOS are as follows:

a) The maximum number of new ordinary shares of the Company which may be issued and allotted pursuant to the exercise of options granted under the ESOS shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company at any point in time during the duration of the ESOS;

b) the ESOS will be available to executive directors and eligible employees of the Group and the Company;

c) to be eligible to participate in the ESOS an employee must be at least eighteen (18) years of age, have been employed in the Group for at least six (6) months and have been confirmed in service;

d) the ESOS shall be in force for a period of five (5) years from the date of the confirmation letter submitted to the Securities Commission ("SC"). However, the company may, if the Board of Directors and ESOS committee deems fit, extend the scheme for another five (5) years. Such renewed scheme shall be implemented in accordance with the terms of the ESOS Bye-Laws save for any revisions and/ or changes to the statutes and/ or regulations currently in force and shall be valid and binding without further obtaining approvals of the relevant authorities;

e) the price at which the ESOS option holder is entitled to subscribe for each share in the Company shall be at a discount of not more than 10% from the weighted average market price of the ordinary shares as shown in the daily official list issued by the Kuala Lumpur Stock Exchange ("KLSE") for the five (5) market days preceding the date of offer or at the par value of the ordinary shares, whichever is the higher; and

f) the new shares to be issued pursuant to the ESOS, shall upon issue and allotment, rank pari passu in all respects with the then existing ordinary shares of the Company except that they will not be entitled to participate in any dividends, rights, allotments and/ or any other distributions which may be declared, made or paid before the allotment of such shares.

As of the end of the financial year, the Company has not implemented its ESOS. Accordingly, no options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company and 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.

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 there are no known bad debts to be 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 require the writing off of bad debts or render 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.

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.

<u>SIGNIFICANT EVENT DURING THE FINANCIAL YEAR</u>

Significant events during the financial year are as follows:

a) On February 7, 2002, the listing of and quotation for the entire issued and paid up share capital of the Company comprising 60,000,000 ordinary shares of RM1.00 each was transferred from the Second Board to the Main Board of the Kuala Lumpur Stock Exchange;

b) On May 21, 2002, the Company acquired the entire issued and paid-up share capital of P.I.W. Enterprise (Malaysia) Sdn. Bhd. for a purchase consideration of RM100,000 through Pan-International Wire & Cable (Malaysia) Sdn. Bhd., a wholly owned subsidiary company; and

c) On August 21, 2002, the Company entered into an agreement with Global Mould Manufacturing Pte. Ltd. to subscribe for 30% equity in the Company for a total consideration of SGD2,247,429. The Company has invested a sum of SGD1,500,000 (equivalent to RM3,201,000) while the balance will be invested by 2003.

d) At an Extraordinary General Meeting held on December 2, 2002, the Company's shareholders approved the establishment of the P.I.E. Industrial Berhad's Employees' Share Option Scheme ("ESOS"). The ESOS which was approved by all relevant authorities is administered in accordance with the Bye-Laws under which options will be granted to eligible employees and full-time executive directors of the Company and its subsidiary companies.

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 Jewa
Ahmad Murad Bin Abdul Aziz
Mui Chung Meng
Chen, Chih-Wen
Cheng, Shing Tsung
Yen, Chien-Kun
Yeap Hun Leng

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:

	No. of ordinary shares of RM1 each			
Shares in the Company	Balance at 1.1.2002	Bought	Sold	Balance at 31.12.2002
Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohd Jewa	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.

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 companies regarded by the directors as 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.

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,

March 7, 2003

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, 2002 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, 2002 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 incorporated in Malaysia 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)

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

LEE CHENG HEOH
2225/04/04(J)
Partner

Penang,

March 7, 2003

Company No.: 424086 X

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

INCOME STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

		The Group		The Company	
	Note	2002	2001	2002	2001
		RM	RM	RM	RM
Revenue	4	119,148,848	144,383,748	22,793,824	129,600
Other operating income		3,141,516	3,392,916	429,763	305,634
Changes in inventories of finished goods and work in progress		(1,694,386)	(6,633,875)	-	-
Purchase of trading goods		(20,385,752)	(28,134,241)	-	-
Raw materials used		(62,585,387)	(79,249,603)	-	-
Staff costs	5	(11,909,141)	(9,662,402)	(641,318)	(975,338)
Depreciation of property, plant and equipment		(5,404,447)	(5,463,235)	-	-
Other operating expenses		(9,197,625)	(7,596,589)	(731,449)	(142,724)
Profit/ (Loss) from operations		11,113,626	11,036,719	21,850,820	(682,828)
Finance cost		(313,535)	(105,409)	-	-
Profit/ (Loss) before tax	6	10,800,091	10,931,310	21,850,820	(682,828)
Income tax expense	7	3,384,276	3,339,904	972,222	-
Net profit/ (loss) after tax for the year		7,415,815	7,591,406	20,878,598	(682,828)
Earnings per ordinary share	8	12.35 sen	12.65 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, 2002

		The Group		The Company	
	Note	2002	2001	2002	2001
		RM	RM	RM	RM
PROPERTY, PLANT AND EQUIPMENT	9	43,809,598	47,656,009	-	-
INVESTMENT IN SUBSIDIARY COMPANIES	10	-	-	56,499,998	56,499,998
INVESTMENT IN BOND FUNDS	11	15,224,058	-	15,224,058	-
CURRENT ASSETS					
Inventories	12	15,386,247	18,912,897	-	-
Trade receivables	13	20,647,576	23,190,954	-	-
Other receivables and prepaid expenses	14	5,796,655	1,916,714	3,228,360	18,596
Amount owing by ultimate holding company	15	120	130,919	-	-
Amount owing by subsidiary companies	15	-	-	16,200	10,000,000
Amount owing by related companies	15	3,943,325	1,598,283	-	-
Short-term deposits	24	43,204,191	41,080,809	13,310,896	6,900,000
Cash and bank balances		5,439,241	10,606,662	95,874	106,186
Total Current Assets		94,417,355	97,437,238	16,651,330	17,024,782
CURRENT LIABILITIES					
Trade payables	16	6,714,316	10,456,321	-	-
Other payables and accrued expenses	17	2,926,209	2,378,331	16,000	43,992
Amount owing to ultimate holding company	15	148,728	142,948	-	-
Amount owing to a related company	15	355,003	756,223	-	-
Amount owing to directors	18	6,000	6,000	6,000	6,000
Bank borrowings	19	12,794,769	1,780,847	-	-
Tax liabilities		6,749	143,631	6,200	6,200
Total Current Liabilities		22,951,774	15,664,301	28,200	56,192
NET CURRENT ASSETS		71,465,581	81,772,937	16,623,130	16,968,590
		130,499,237	129,428,946	88,347,186	73,468,588

(FORWARD)

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

BALANCE SHEETS
AS OF DECEMBER 31, 2002

		The Group		The Company	
	Note	2002	2001	2002	2001
		RM	RM	RM	RM
SHARE CAPITAL	20	60,000,000	60,000,000	60,000,000	60,000,000
RESERVES	21	70,499,237	68,923,946	28,347,186	13,468,588
SHAREHOLDERS' EQUITY		130,499,237	128,923,946	88,347,186	73,468,588
DEFERRED TAX LIABILITIES	22	-	505,000	-	-
		130,499,237	129,428,946	88,347,186	73,468,588

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

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2002

The Group	Note	Share Capital	Share Premium	Revaluation/ Translation/ Merger Reserve*	Retained Profit	Total
		RM	RM	RM	RM	RM
Balance as of January 1, 2001		60,000,000	14,057,166	(24,271,792)	75,725,289	125,510,663
Net losses not recognised in the income statements						
Exchange loss on translation of net investment in foreign subsidiary		-	-	(176,123)	-	(176,123)
Net profit after tax for the year		-	-	-	7,591,406	7,591,406
Dividend	23	-	-	-	(4,002,000)	(4,002,000)
Balance as of December 31, 2001		60,000,000	14,057,166	(24,447,915)	79,314,695	128,923,946
Net gain not recognised in the income statements						
Exchange gain on translation of net investment in foreign subsidiary		-	-	159,476	-	159,476
Net profit after tax for the year		-	-	-	7,415,815	7,415,815
Dividend	23	-	-	-	(6,000,000)	(6,000,000)
Balance as of December 31, 2002		60,000,000	14,057,166	(24,288,439)	80,730,510	130,499,237

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

	Revaluation Reserve	Translation Reserve	Merger Deficit	Total
	RM	RM	RM	RM
Balance as of January 1, 2001	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	14,827,895	(275,812)	(38,999,998)	(24,447,915)
Exchange gain on translation of net investment in foreign subsidiary	-	159,476	-	159,476
Balance as of December 31, 2002	14,827,895	(116,336)	(38,999,998)	(24,288,439)

(FORWARD)

Company No.: 424086 X

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2002

The Company

	Note	Share Capital	Share Premium	Retained Profit	Total
		RM	RM	RM	RM
Balance as of January 1, 2001		60,000,000	14,057,166	4,096,250	78,153,416
Net profit after tax for the year		-	-	(682,828)	(682,828)
Dividend	23	-	-	(4,002,000)	(4,002,000)
Balance as of December 31, 2001		60,000,000	14,057,166	(588,578)	73,468,588
Profit after tax for the year		-	-	20,878,598	20,878,598
Dividend	23	-	-	(6,000,000)	(6,000,000)
Balance as of December 31, 2002		60,000,000	14,057,166	14,290,020	88,347,186

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

Company No.: 424086 X

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

	The Group		The Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/ (Loss) before tax	10,800,091	10,931,310	21,850,820	(682,828)
Adjustments for:				
Depreciation of property, plant and equipment	5,404,447	5,463,235	-	-
Allowance for slow moving inventories	750,154	754,346	-	-
Allowance for diminution in value of bond funds	467,944	-	467,944	-
Interest expenses	313,535	105,409	-	-
Allowance for doubtful debts	137,762	41,608	-	-
Loss/ (Gain) on disposal of plant and equipment	15,640	(16,000)	-	-
Interest income	(1,249,697)	(709,329)	(429,763)	(305,634)
Bonds in lieu of dividend	(692,002)	-	(692,002)	-
Allowance for slow moving inventories no longer required	(93,455)	(1,032,579)	-	-
Allowance for doubtful debts no longer required	(24,897)	(172,586)	-	-
Bad debts written off	-	330,949	-	-
Plant and equipment written off	-	1,047	-	-
Dividend income	-	-	(21,972,222)	-
Operating profit/ (loss) before working capital changes	15,829,522	15,697,410	(775,223)	(988,462)
(Increase)/ Decrease in:				
Inventories	2,869,951	30,855,279	-	-
Trade receivables	2,430,513	(3,542,151)	-	-
Other receivables and prepaid expenses	(506,492)	(769,930)	-	(1,000)
Amount owing by ultimate holding company	130,799	56,047	-	-
Amount owing by subsidiary companies	-	-	9,983,800	11,516,200
Amount owing by related companies	(2,345,042)	2,468,387	-	-
Increase/ (Decrease) in:				
Trade payables	(3,742,005)	2,272,030	-	-
Other payables and accrued expenses	547,878	(2,375,900)	(27,992)	13,654
Amount owing to ultimate holding company	5,780	(513,984)	-	-

(FORWARD)

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

	The Group		The Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Amount owing to a related company	(401,220)	(543,234)	-	-
Amount owing to directors	-	(3,000)	-	(3,000)
Cash generated from operations	14,819,684	43,600,954	9,180,585	10,537,392
Tax paid	(4,085,051)	(4,298,351)	-	-
Net cash generated from operating activities	10,734,633	39,302,603	9,180,585	10,537,392
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,135,933	692,233	420,999	288,538
Proceeds from disposal of plant and equipment	16,720	16,000	-	-
Purchase of investment in bond funds	(15,000,000)	-	(15,000,000)	-
Purchase of property, plant and equipment	(1,588,937)	(1,616,289)	-	-
Dividend received	-	-	21,000,000	-
Prepayment on acquisition of investment	(3,201,000)	-	(3,201,000)	-
Net cash (used in)/ generated from investing activities	(18,637,284)	(908,056)	3,219,999	288,538
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase/ (Decrease) in bank borrowings	11,204,769	(1,711,000)	-	-
Dividend paid	(6,000,000)	(4,002,000)	(6,000,000)	(4,002,000)
Interest paid	(313,535)	(105,409)	-	-
Net cash generated from/ (used in) financing activities	4,891,234	(5,818,409)	(6,000,000)	(4,002,000)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(3,011,417)	32,576,138	6,400,584	6,823,930
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	51,496,624	19,095,026	7,006,186	182,256
Exchange translation differences	158,225	(174,540)	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 24)	48,643,432	51,496,624	13,406,770	7,006,186

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, 2002

1. PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiary companies are as stated in Note 10. 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 (MASB).

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on March 7, 2003.

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 unless stated otherwise in the accounting policies mentioned below.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. 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 MASB 21, Business Combinations, 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 returns and discounts. 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 have passed. Dividend income is recognised when the shareholder's right to receive payments is established. 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 : RM2.186 (2001: SGD1 : RM2.05)
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 net deferred tax assets, the tax effects are recognised generally on actual realisation.

Property, Plant and Equipment

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:

	Rates
Long leasehold land	2%
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 flats	1.01%

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.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in carrying amount is charged to income statements. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to income statements to the extent that it offsets the previously recorded decrease.

Gains or losses arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements. On disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed are transferred to retained profit account.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is treated as a revaluation decrease.

Investments in Subsidiary Companies

Subsidiary companies are those companies in which the Group has power to exercise control over their financial and operating policies so as to obtain benefits from their activities.

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.

Where there is an indication of impairment in the value of the assets, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Investment in Bond Funds

Investment in bond funds is stated at cost less allowance for diminution in value of investment to recognise any decline, other than a temporary decline, in the value of the investment.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated cost to completion.

Cost of work-in-progress and finished goods consists of cost of raw materials, direct labour and appropriate proportion of manufacturing overheads while the costs of raw materials consists of the purchase price plus the cost of bringing the inventories to their present location.

Allowance is made for obsolete, slow moving or defective items where applicable.

Receivables

Receivables are stated at nominal value as reduced by the appropriate allowance for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Provisions

Provisions are made when there is 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, bank overdrafts and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial Instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Manufacturing	97,463,299	114,206,583	-	-
Trading	20,993,547	30,177,165	-	-
Dividend income from:				
Subsidiary companies	-	-	21,972,222	-
Bond funds	692,002	-	692,002	-
Management services	-	-	129,600	129,600
	119,148,848	144,383,748	22,793,824	129,600

5. GENERAL INFORMATION

	The Group		The Company	
	2002	2001	2002	2001
Number of directors and employees at end of year:				
Directors	15	15	7	7
Employees	666	639	3	2

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.

6. PROFIT/ (LOSS) BEFORE TAX

Profit/ (Loss) before tax is arrived at:

	The Group		The Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
After charging:				
Directors' remuneration:				
Fee				
Directors of the Company	27,000	30,000	27,000	30,000
Emoluments				
Directors of the Company	533,352	825,600	533,352	825,600
Directors of subsidiary companies	541,729	442,962	-	-
Rental of accommodation provided	-	4,000	-	-
Allowance for slow moving inventories	750,154	754,346	-	-
Allowance for diminution in value of bond funds	467,944	-	467,944	-
Interest on bank borrowings	313,535	105,409	-	-
Allowance for doubtful debts	137,762	41,608	-	-
Realised loss on foreign exchange	60,040	58,677	-	-
Rental of premises	60,844	73,329	-	-
Audit fee:				
Statutory	62,512	63,658	16,000	16,000
Overprovision in prior year	(2,000)	-	-	-
Loss on disposal of plant and equipment	15,640	-	-	-
Office equipment rental	7,087	-	-	-
Preliminary expenses	2,992	-	-	-
Bad debts written off	-	330,949	-	-
Plant and equipment written off	-	1,047	-	-
And crediting:				
Interest on:				
Short-term deposits	1,249,697	709,329	363,563	98,509
Advances to a subsidiary company	-	-	66,200	207,125
Realised gain on foreign exchange	387,642	433,964	-	-
Dividend income	692,002	-	692,002	-
Allowance for slow moving inventories no longer required	93,455	1,032,579	-	-
Allowance for doubtful debts no longer required	24,897	172,586	-	-
Gain on disposal of plant and equipment	-	16,000	-	-
Bad debts recovered	-	4,245	-	-
Gross dividend from subsidiary companies	-	-	21,972,222	-

7. INCOME TAX EXPENSE

	The Group		The Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Estimated tax payable:				
Malaysian:				
Current year	3,845,000	2,845,000	972,222	-
Underprovision in prior year	44,572			
Foreign:				
Current year	-	5,864	-	-
Overprovision in prior year	(296)	(15,960)	-	-
Deferred tax (Note 22)				
Current year	(505,000)	317,000	-	-
Underprovision in prior year	-	188,000	-	-
	(505,000)	505,000	-	-
	3,384,276	3,339,904	972,222	-

The Group's taxation for 2002 and 2001 reflect effective tax rates which are higher than the statutory income tax rate due mainly to certain expenses are not allowable as deduction for income tax purposes.

The effective tax rate of the Company in 2002 is lower than statutory income tax rate due mainly to certain dividend income are exempted from tax.

No provision for income tax was made for the Company in 2001 in view of the losses incurred.

As of December 31, 2002, the approximate amount of carryforward tax losses of the Group and of the Company which are subject to agreement by the tax authorities are as follows:

	The Group		The Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Carryforward tax losses	175,000	74,000	74,000	74,000

8. EARNINGS PER ORDINARY SHARE

The basic earnings per share is calculated by dividing the Group’s profit after tax of RM7,415,815 (2001: RM7,591,406) by the weighted average number of ordinary shares in issue during the year of 60,000,000 (2001: 60,000,000).

9. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost Unless Stated Otherwise	Beginning of year	Additions	Disposals/ Written-off	Exchange Reserve*	End of year
	RM	RM	RM	RM	RM
2002:					
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	33,482,504	1,320,719	(246,203)	-	34,557,020
Production tools and equipment	1,707,410	56,072	-	-	1,763,482
Furniture, fixtures and office equipment	2,048,653	146,749	(25,983)	2,754	2,172,173
Mechanical and electrical installation	1,608,537	-	-	-	1,608,537
Motor vehicles	1,327,883	65,397	(52,027)	3,168	1,344,421
Leasehold flats					
- at 2000 valuation	2,170,000	-	-	-	2,170,000
	76,588,001	1,588,937	(324,213)	5,922	77,858,647
2001	75,081,840	1,616,289	(101,392)	(8,736)	76,588,001

Accumulated Depreciation	Beginning of year	Charge for The year	Disposals/ Written-off	Exchange Reserve*	End of year
	RM	RM	RM	RM	RM
2002:					
Long leasehold land					
- at cost	43,632	40,276	-	-	83,908
- at 2000 valuation	357,917	202,981	-	-	560,898
Leasehold improvement	203,862	-	-	-	203,862
Buildings					
- at cost	312,673	288,621	-	-	601,294
- at 2000 valuation	1,225,469	563,472	-	-	1,788,941
Plant and machinery	21,431,119	3,784,338	(246,196)	-	24,969,261
Production tools and equipment	1,132,512	189,554	-	-	1,322,066
Furniture, fixtures and office equipment	1,649,309	159,633	(25,983)	2,432	1,785,391
Mechanical and electrical installation	1,502,731	24,305	-	-	1,527,036
Motor vehicles	1,028,500	127,680	(18,786)	1,143	1,138,537
Leasehold flats					
- at 2000 valuation	44,268	23,587	-	-	67,855
	28,931,992	5,404,447	(290,965)	3,575	34,049,049
2001	23,574,815	5,463,235	(100,345)	(5,713)	28,931,992

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

	2002	2001
	RM	RM
Net Book Value:		
Long leasehold land		
- at cost	1,929,887	1,970,163
- at 2000 valuation	9,588,149	9,791,130
Leasehold improvement	22	22
Buildings		
- at cost	2,284,911	2,573,532
- at 2000 valuation	17,201,142	17,764,614
Plant and machinery	9,587,759	12,051,385
Production tools and equipment	441,416	574,898
Furniture, fixtures and office equipment	386,782	399,344
Mechanical and electrical installation	81,501	105,806
Motor vehicles	205,884	299,383
Leasehold flats		
- at 2000 valuation	2,102,145	2,125,732
	43,809,598	47,656,009

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 using open market values on existing use basis. The surplus arising from the revaluation amounting to RM14,827,895, which was approved by the Securities Commission on October 4, 2000, was credited to revaluation reserve.

The tax effect relating to the increase in the carrying value of the revalued properties is 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:

	2002	2001
	RM	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	713,910	655,064
Buildings	3,838,606	3,433,685
Leasehold flats	135,058	120,189
	4,687,574	4,208,938
Net book value	14,424,623	14,903,259

As of December 31, 2002, the strata titles for the leasehold flats with a carrying value of RM2,102,145 (2001: RM2,125,732) have not yet been issued by the relevant authorities.

10. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2002	2001
	RM	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 2002	2001
Direct holdings				
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%
Indirect holdings				
*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%
+P.I.W. Enterprise (Malaysia) Sdn. Bhd.	Malaysia	Trading of electrical products	100%	-

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

\+ This company is wholly owned by Pan-International Wire & Cable (Malaysia) Sdn. Bhd.

11. INVESTMENT IN BOND FUNDS

	The Group and The Company 2002 RM	2001 RM
Investment in bond funds – at cost	15,692,002	-
Less: Allowance for diminution in value	(467,944)	-
	15,224,058	-

12. INVENTORIES

	The Group 2002 RM	The Group 2001 RM
At cost:		
Raw materials	9,479,284	11,206,732
Work-in-progress	3,676,419	5,038,209
Finished goods	2,230,544	2,667,956
	15,386,247	18,912,897
At Net Realisable Value		
Raw materials	3,157,338	2,607,619
Less: Allowance for slowing moving inventories	(3,157,338)	(2,607,619)
	-	-
Work-in-progress	2,059	-
Less: Allowance for slow moving inventories	(2,059)	-
	-	-
Finished goods	166,940	62,019
Less: Allowance for slow moving inventories	(166,940)	(62,019)
	-	-
	15,386,247	18,912,897

13. TRADE RECEIVABLES

	The Group 2002 RM	The Group 2001 RM
Amount outstanding	21,089,228	23,519,741
Less: Allowance for doubtful debts	(441,652)	(328,787)
	20,647,576	23,190,954

Trade receivables comprise amounts receivable for the sale of goods. The credit period granted on sale of goods is 30 to 90 days (2001: 30 to 90 days).

14. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Other receivables	25,860	17,783	25,860	17,096
Deposit	101,648	105,855	1,500	1,500
Prepaid expenses	4,905,247	1,087,861	3,201,000	-
Tax recoverable	763,900	705,215	-	-
	5,796,655	1,916,714	3,228,360	18,596

Included in prepaid expenses of the Group and of the Company is an amount of RM3,201,000 (2001: Nil) representing amount prepaid for the acquisition of 30% equity interest in Global Mould Manufacturing Pte. Ltd..

15. HOLDING COMPANIES AND RELATED PARTIES TRANSACTIONS

The companies regarded by the directors as 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) ultimate holding company and related companies arose mainly from trade transactions.

The amount owing by subsidiary companies in 2002 arose mainly from management fee receivable.

The amount owing by subsidiary companies in 2001 arose mainly from dividend receivable.

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

	The Company	
	2002	2001
	RM	RM
Amount owing by subsidiary companies:		
Pan-International Electronics (Malaysia) Sdn. Bhd.	10,800	10,000,000
Pan-International Wire & Cable (Malaysia) Sdn. Bhd.	5,400	-
	16,200	10,000,000

	The Group	
	2002	2001
	RM	RM
Amount owing by related companies:		
PT. Pan Super Bintang Surya Manufacturing	2,669,262	1,119,694
Pan-International Electronics (Thailand) Co. Ltd.	1,274,063	478,589
	3,943,325	1,598,283

	The Group	
	2002	2001
	RM	RM
Amount owing to a related company:		
PT. Pan Super Bintang Surya Manufacturing	355,003	756,223

Included in the following accounts of the Group as of December 31, 2002 are amounts owing by/ to related parties:

	The Group	
	2002	2001
	RM	RM
Trade receivables:		
Foxconn Advanced Technology Inc. Ltd.*	140,278	2,659,309
Hon Hai Precision Industry Co. Ltd.*	162,587	630,852
	302,865	3,290,161
Trade payables:		
Foxconn Advanced Technology Inc. Ltd.*	138,168	2,613,488
Hon Hai Precision Industry Co. Ltd.*	111,901	249,474
	250,069	2,862,962

* A substantial shareholder of Pan-International Industrial Corporation.

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

	The Group	
	2002	2001
	RM	RM
With Ultimate Holding Company		
Purchase of raw materials	926,592	518,808
Sales of finished goods	168,750	290,046
Miscellaneous purchases	111,202	421,317
Purchase of trading goods	-	931,566
Purchase of property, plant and equipment	-	148,164
Commission income received	-	464

	The Company	
	2002	2001
	RM	RM
With Subsidiary Companies		
Dividend received		
Pan-International Electronics (Malaysia) Sdn. Bhd.	12,000,000	-
Pan-International Wire & Cable (Malaysia) Sdn. Bhd.	9,972,222	-
Management fee received/ receivable		
Pan-International Electronics (Malaysia) Sdn. Bhd.	64,800	64,800
Pan-International Wire & Cable (Malaysia) Sdn. Bhd.	64,800	64,800
Interest charges received		
Pan-International Electronics (Malaysia) Sdn. Bhd.	66,200	207,125

	The Group	
	2002	2001
	RM	RM
With Other Related Companies		
Sales of finished goods		
Pan-International Electronics (Thailand) Co. Ltd.	2,838,335	2,111,778
PT. Pan Super Bintang Surya Manufacturing	2,009,030	1,682,595
Purchase of trading goods		
PT. Pan Super Bintang Surya Manufacturing	1,673,498	2,168,699
Sales commission paid		
Pan-International Electronics Inc.	-	22,953
Purchase of raw materials		
PT. Pan Super Bintang Surya Manufacturing	397,154	5,172
Pan-International Electronics (Thailand) Co. Ltd.	-	9,029
Purchase of plant and equipment		
PT. Pan Super Bintang Surya Manufacturing	64,688	-
Sales of semi-finished goods		
Pan-International Electronics (Thailand) Co. Ltd.	-	6,800

	The Group	
	2002	2001
	RM	RM
With Related Parties		
Sales of finished goods		
Foxconn Advanced Technology Inc. Ltd.	894,535	2,937,462
Hon Hai Precision Industry Co. Ltd.	402,278	861,892
Purchase of raw materials		
Foxconn Advanced Technology Inc. Ltd.	878,539	2,879,184
Hon Hai Precision Industry Co. Ltd.	1,105,581	845,371

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

16. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases. The average credit period granted to the Group for trade purchases is 30 to 60 days (2001: 30 to 60 days).

17. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Other payables	528,216	744,801	-	-
Accrued expenses	2,397,993	1,633,530	16,000	43,992
	2,926,209	2,378,331	16,000	43,992

Other payables comprise amount outstanding for ongoing cost.

18. AMOUNT OWING TO DIRECTORS

The amount owing to the directors represents directors' remuneration payable to them.

19. BANK BORROWINGS – Unsecured

	The Group	
	2002	2001
	RM	RM
Bankers acceptance	5,931,000	1,590,000
Foreign currency trade loan	6,863,769	-
Bank overdrafts	-	190,847
	12,794,769	1,780,847

Analysis of borrowings by currency is as follows:

	Ringgit Malaysia	US Dollar	Total
	RM	RM	RM
2002:			
Bankers acceptance	5,931,000	-	5,931,000
Foreign currency trade loan	-	6,863,769	6,863,769
	5,931,000	6,863,769	12,794,769
2001:			
Bankers acceptance	1,590,000	-	1,590,000
Bank overdrafts	190,847	-	190,847
	1,780,847	-	1,780,847

The average effective interest rates are as follows:

	2002	2001
	%	%
Banker acceptance	2.90	-
Foreign currency trade loan	2.02	-
Bank overdrafts	-	7.90

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 or cost of funds and are covered by corporate guarantee from the Company.

20. SHARE CAPITAL

	The Group and the Company	
	2002	2001
	RM	RM
Authorised:		
100,000,000 shares of RM1 each	100,000,000	100,000,000
Issued and fully paid		
60,000,000 ordinary shares of RM1 each	60,000,000	60,000,000

21. RESERVES

	The Group		The Company	
	2002	2001	2002	2001
	RM	RM	RM	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	(116,336)	(275,812)	-	-
Merger deficit	(38,999,998)	(38,999,998)	-	-
	(10,231,273)	(10,390,749)	14,057,166	14,057,166
Distributable:				
Retained profit/ (Accumulated losses)	80,730,510	79,314,695	14,290,020	(588,578)
	70,499,237	68,923,946	28,347,186	13,468,588

The share premium arose from the issue of shares at premium, net of listing expenses written off.

The revaluation reserve is used to record increase and decrease in revaluation of non-current assets. This amount arose from the revaluation of leasehold land, buildings and leasehold flats as disclosed in Note 9.

The translation reserve is used to record exchange differences arising on translation of foreign subsidiary company, as described in the accounting policies.

The merger deficit represents the difference between the nominal value of shares issued as consideration plus the cash consideration and the nominal value of the shares of those subsidiary companies transferred to the Company.

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.

22. DEFERRED TAX LIABILITIES

	The Group	
	2002	2001
	RM	RM
Balance as of beginning of year	505,000	-
Current year	(505,000)	317,000
Underprovision in prior year	-	188,000
Transfer (to)/ from income statements (Note 7)	(505,000)	505,000
Balance as of end of year	-	505,000

	The Group	
	2002	2001
	RM	RM
The deferred tax liability of the Group 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:		
Allowance for slow moving inventories	-	659,000
Allowance for doubtful debts	-	42,000
Other timing differences	-	132,000
	-	505,000

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, 2002, the amount of deferred taxation, calculated at applicable tax rates, which is not recognised in the financial statements, is as follows:

	Deferred Tax Assets/(Liabilities)			
	The Group		The Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Tax effect of timing differences between tax capital allowances and depreciation on property, plant and equipment	(1,117,000)	(86,000)	-	-
Tax effect of carryforward tax losses	42,447	20,000	20,000	20,000
Tax effect of:				
Allowance for slow moving inventories	917,000	77,000	-	-
Allowance for doubtful debts	122,000	44,000	-	-
Other timing differences	445,000	41,000	-	-
	409,447	96,000	20,000	20,000

23. DIVIDEND

	The Group and the Company	
	2002	2001
	RM	RM
First and final tax exempt dividend, declared and paid of 6.67 sen per ordinary share, for 2000	-	4,002,000
First and final tax exempt dividend, declared and paid of 10 sen per ordinary share, for 2001	6,000,000	-
	6,000,000	4,002,000

24. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Short-term deposits with:				
Licenced bank	31,172,314	41,080,809	9,113,605	6,900,000
Licenced finance companies	12,031,877	-	4,197,291	-
	43,204,191	41,080,809	13,310,896	6,900,000
Cash and bank balances	5,439,241	10,606,662	95,874	106,186
Bank overdrafts	-	(190,847)	-	-
	48,643,432	51,496,624	13,406,770	7,006,186

The effective interest rates of short term deposits are 1.10% - 4.00% (2001: 1.70% - 3.20%).

25. CONTINGENT LIABILITY - Unsecured

As of December 31, 2002, 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.

26. COMMITMENT

As of December 31, 2002, the Company has outstanding commitment amounting to SGD747,429 (equivalent to approximately RM1,637,990) in respect of the acquisition of 30% equity interest in Global Mould Manufacturing Pte. Ltd. for a total consideration of SGD2,247,429, out of which SGD1,500,000 (equivalent to RM3,201,000) has been paid and taken up in the financial statements as prepaid expenses.

27. LEASE COMMITMENTS

As of December 31, 2002, non-cancellable long-term lease commitments pertaining to the Group in respect of rental of premises are as follows:

	2002	2001
	RM	RM
Not later than 1 year	42,730	38,270
Later than 1 year but not later than 5 years	23,410	3,010
	66,140	41,280

28. FINANCIAL INSTRUMENTS

a. Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, market risk, credit risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposures to risks and/ or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

i. Foreign currency risk

The Group has exposures to foreign exchange risk as a result of transactions and receivables and payables in foreign currencies arising from normal operating activities. The Group does not speculate in foreign currencies.

ii. Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's short-term deposits with licenced bank and finance companies. It has no significant interest bearing financial assets or liabilities other than the short-term deposits. The short-term deposits are placed with reputable banks and finance companies. The Group does not use derivative financial instrument to hedge its risk.

iii. Market risk

The Group has in place policies to manage the Group's exposures to fluctuation in the prices of the key raw materials used in the operations.

iv. Credit risk

The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customers' financial conditions and credit histories. The Group also ensures a number of customers so as to limit high credit concentration in a customer or customers from a particular market.

v. Liquidity risk

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

vi. Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

b. Financial Assets

The Group's principal financial assets are cash and bank balances, trade and other receivables, amount owing by ultimate holding company, amount owing by related companies and investment in bond funds.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

c. Financial Liabilities and Equity Instruments

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

Significant financial liabilities include trade and other payables, amount owing to ultimate holding company, amount owing to related companies and bank borrowings.

Bank borrowings are recorded at the proceeds received. Finance charges are accounted for on an accrual basis.

Equity instruments are recorded at the proceeds received.

d. Credit Risk

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheets. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

e. Fair Values

The fair value of investment in bond funds estimated based on unit price quoted by the fund managers as of December 31, 2002 is as follows:

		The Group and the Company	
	Note	Carrying Amount	Fair Value
		RM	RM
Investment in bond funds	11	15,224,058	15,224,058

The fair values of other financial assets and financial liabilities approximate their carrying amounts, because of the short maturity of these instruments.

29. SEGMENTAL REPORTING

Business Segments

For management purposes, the Group is organised into the following operating divisions:

- manufacturing of industrial products (includes cables and wires for electrical devices, cable moulding components and PCB assemblies)
- trading of electrical products (includes cables, computers, capacitors, resistors and telecommunication components and equipment)
- others (includes investment holdings)

Inter-segment sales are charged at cost plus a percentage profit mark-up.

The Group

2002	Manufacturing of industrial products RM	Trading of electrical products RM	Others RM	Elimination RM	Total RM
Revenue					
External sales	97,463,299	20,993,547	692,002	-	119,148,848
Inter-segment sales	2,522,958	219,644	22,101,822	(24,844,424)	-
Total revenue	99,986,257	21,213,191	22,793,824	(24,844,424)	119,148,848
Results					
Profit from operations	10,711,112	586,019	21,850,820	(22,034,325)	11,113,626
Finance costs	(342,231)	(37,504)	-	66,200	(313,535)
Profit before tax	10,368,881	548,515	21,850,820	(21,968,125)	10,800,091
Income tax expense	(3,204,572)	(179,704)	(972,222)	972,222	(3,384,276)
Profit after tax	7,164,309	368,811	20,878,598	(20,995,903)	7,415,815
Other information					
Depreciation of property, plant and equipment	5,409,997	1,488	-	(7,038)	5,404,447
Consolidated Balance Sheet Assets					
Segment assets	116,511,750	6,390,525	31,875,388	(1,326,652)	153,451,011
Liabilities					
Segment liabilities	23,085,503	1,121,916	28,200	(1,283,845)	22,951,774

	Manufacturing of industrial products	Trading of electrical products	Others	Elimination	Total
	RM	RM	RM	RM	RM
2001					
Revenue					
External sales	114,206,583	30,177,165	-	-	144,383,748
Inter-segment sales	2,519,462	3,738,585	129,600	(6,387,647)	-
Total revenue	116,726,045	33,915,750	129,600	(6,387,647)	144,383,748
Results					
Profit from operations	11,072,488	869,608	(682,828)	(222,549)	11,036,719
Finance costs	(258,325)	(54,209)	-	207,125	(105,409)
Profit before tax	10,814,163	815,399	(682,828)	(15,424)	10,931,310
Income tax expenses	(3,150,000)	(189,904)	-	-	(3,339,904)
Profit after tax	7,664,163	625,495	(682,828)	(15,424)	7,591,406
Other information					
Depreciation of property, plant and equipment	5,452,933	20,892	-	(10,590)	5,463,235
Consolidated Balance Sheet Assets					
Segment assets	131,319,636	8,343,343	17,024,782	(11,594,514)	145,093,247
Liabilities					
Segment liabilities	23,452,698	3,703,021	56,192	(11,547,610)	15,664,301

Geographical segments

The Group's operations are located in Malaysia and Singapore. The Group's trading of electrical products division is located in Malaysia and Singapore, whereas the manufacturing of industrial products is located in Malaysia.

The following is an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/ services:

	Sales revenue by geographical market	
	2002	2001
	RM	RM
Malaysia	50,152,422	83,520,478
Other Asian countries	37,526,582	44,724,006
United States of America	26,205,131	14,316,880
Other Asia Pacific countries	5,223,913	1,799,809
African countries	40,800	-
European countries	-	22,575
	119,148,848	144,383,748

The following is an analysis of the carrying amount of segment assets by the geographical area in which the assets are located.

	2002	2001
	RM	RM
Malaysia	150,873,323	141,343,150
Singapore	2,577,688	3,750,097
	153,451,011	145,093,247

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, 2002 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,

March 7, 2003

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

Before me,

COMMISSIONER FOR OATHS

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

FINANCIAL STATEMENTS
DECEMBER 31, 2002
(In Ringgit Malaysia)

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

FINANCIAL STATEMENTS
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