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

FINANCIAL STATEMENTS
DECEMBER 31, 2004
(In Ringgit Malaysia)

Company No.: 424086 X

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

FINANCIAL STATEMENTS
DECEMBER 31, 2004

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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, 2004.

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
Net profit after tax for the year	11,110,729	11,368,948

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 12 sen gross per ordinary share, tax-exempt, amounting to RM7,320,159 in respect of the financial year ended December 31, 2003 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

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM60,057,000 to RM61,239,000 by way of issuance of 1,182,000 new ordinary shares of RM1 each for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company at an exercise price of RM1.70 per ordinary share.

The resultant premium arising from the shares issued pursuant to the ESOS of RM827,400 was credited to the share premium account.

The new ordinary shares rank pari passu with the then existing ordinary shares of the Company.

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

EMPLOYEES' SHARE OPTION SCHEME

The P.I.E. Industrial Berhad's Employees' 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 Bursa Malaysia Securities 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.

The share options granted and exercised during the financial year are as follows:

		No. of options over ordinary shares of RM1 each			
Exercisable from	Exercise price per ordinary share RM	Balance as of 1.1.2004	Granted	Exercised	Balance as of 31.12.2004
August 13, 2003	1.70	4,319,000	-	(1,182,000)	3,137,000

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 as 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.

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.

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 (demised on August 4, 2004)

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 as of 1.1.2004	Bought	Sold	Balance as of 31.12.2004
Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohd Jewa	10,001	-	-	10,001
Ahmad Murad Bin Abdul Aziz	8,001	-	-	8,001
Mui Chung Meng	10,000	160,000	-	170,000
Chen, Chih-Wen	10,000	-	-	10,000
Cheng, Shing Tsung	10,000	-	-	10,000

In addition to the above, the following directors are deemed to have interest in the shares of the Company to the extent of the following options granted to them pursuant to the ESOS of the Company which was implemented on December 2, 2002:

	No. of options over ordinary shares of RM1 each			
	Balance as of 1.1.2004	Granted	Exercised	Balance as of 31.12.2004
Mui Chung Meng	400,000	-	(160,000)	240,000
Chen, Chih-Wen	200,000	-	-	200,000

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 except for options granted to certain directors pursuant to the Company's ESOS as disclosed above.

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.

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,

February 28, 2005

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, 2004 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, 2004 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.

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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
2225/04/06(J)
Partner

Penang,

February 28, 2005

Company No.: 424086 X

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

INCOME STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Note	The Group 2004 RM	The Group 2003 RM	The Company 2004 RM	The Company 2003 RM
Revenue	4	154,123,596	121,652,688	11,129,600	129,600
Other operating income		4,640,126	2,417,933	1,145,347	677,031
Changes in inventories of finished goods and work-in-progress		2,224,165	785,130	-	-
Purchase of trading goods		(8,393,525)	(20,328,400)	-	-
Raw materials used		(109,325,136)	(68,019,038)	-	-
Staff costs	5	(13,010,309)	(10,673,002)	(779,261)	(712,067)
Depreciation of property, plant and equipment		(5,422,169)	(5,376,617)	-	-
Other operating expenses		(10,467,490)	(9,593,997)	(126,738)	(277,630)
Profit/ (loss) from operations		14,369,258	10,864,697	11,368,948	(183,066)
Finance costs		(170,828)	(147,477)	-	-
Profit/ (loss) before tax	6	14,198,430	10,717,220	11,368,948	(183,066)
Tax (expense)/ income	7	(3,087,701)	(3,279,938)	-	519
Net profit/ (loss) after tax for the year		11,110,729	7,437,282	11,368,948	(182,547)
Earnings per ordinary share Basic	8	18.28 sen	12.39 sen		
Diluted	8	18.05 sen	11.82 sen		

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

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P.I.E. INDUSTRIAL BERHAD
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BALANCE SHEETS
AS OF DECEMBER 31, 2004

	Note	The Group 2004	The Group 2003	The Company 2004	The Company 2003
		RM	RM	RM	RM
NON-CURRENT ASSETS					
Property, plant and equipment	9	37,887,188	41,725,296	-	-
Investment in subsidiary companies	10	-	-	56,499,998	56,499,998
Investment in bond funds	11	-	16,883,407	-	16,883,407
Deferred tax assets	22	1,587,000	-	-	-
CURRENT ASSETS					
Inventories	12	22,016,595	17,277,891	-	-
Trade receivables	13	35,264,816	26,028,378	-	-
Other receivables and prepaid expenses	14	1,940,674	637,025	18,077	8,116
Tax recoverable		75,595	661,606	-	-
Amount owing by subsidiary companies	15	-	-	11,010,800	10,800
Amount owing by related companies	15	586,344	3,226,463	-	-
Short-term deposits	25	58,752,236	30,513,572	20,384,048	3,059,464
Cash and bank balances	25	9,138,628	16,949,441	438,117	5,821,754
Total Current Assets		127,774,888	95,294,376	31,851,042	8,900,134
CURRENT LIABILITIES					
Trade payables	16	9,802,962	11,149,364	-	-
Other payables and accrued expenses	17	4,578,808	5,023,961	19,312	16,000
Amount owing to ultimate holding company	15	172,498	132,888	-	-
Amount owing to a related company	15	101,468	158,083	-	-
Amount owing to directors	18	12,000	6,000	12,000	6,000
Bank borrowings	19	14,581,000	5,416,000	-	-
Tax liabilities		204,885	23,360	-	-
Total Current Liabilities		29,453,621	21,909,656	31,312	22,000
NET CURRENT ASSETS		98,321,267	73,384,720	31,819,730	8,878,134
		137,795,455	131,993,423	88,319,728	82,261,539

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P.I.E. INDUSTRIAL BERHAD
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BALANCE SHEETS
AS OF DECEMBER 31, 2004

		The Group		The Company	
	Note	2004	2003	2004	2003
		RM	RM	RM	RM
SHARE CAPITAL	20	61,239,000	60,057,000	61,239,000	60,057,000
RESERVES	21	72,867,360	68,154,785	27,080,728	22,204,539
SHAREHOLDERS' EQUITY		134,106,360	128,211,785	88,319,728	82,261,539
DEFERRED TAX LIABILITIES	22	3,689,095	3,781,638	-	-
		137,795,455	131,993,423	88,319,728	82,261,539

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

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2004

The Group	Note	Share Capital	Share Premium	Revaluation/ Exchange/ Merger Reserve*	Retained Profit	Total
		RM	RM	RM	RM	RM
Balance as of January 1, 2003						
As previously stated		60,000,000	14,057,166	(28,440,250)	80,730,510	126,347,426
Prior years adjustments	23	-	-	(713,900)	991,530	277,630
Restated balance		60,000,000	14,057,166	(29,154,150)	81,722,040	126,625,056
Allotment of 57,000 new ordinary shares of RM1 each at RM1.70 per share pursuant to the ESOS		57,000	39,900	-	-	96,900
Exchange gain on translation of net investment in foreign subsidiary		-	-	52,547	-	52,547
Transfer of revaluation reserve	22	-	-	(237,967)	237,967	-
Net gain not recognised in the income statements		-	-	(185,420)	237,967	52,547
Net profit after tax for the year		-	-	-	7,437,282	7,437,282
Dividend	24	-	-	-	(6,000,000)	(6,000,000)

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P.I.E. INDUSTRIAL BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2004

The Group	Note	Share Capital	Share Premium	Revaluation/ Exchange/ Merger Reserve*	Retained Profit	Total
		RM	RM	RM	RM	RM
Balance as of December 31, 2003						
As previously stated		60,057,000	14,097,066	(28,387,703)	82,075,249	127,841,612
Prior years adjustments	23	-	-	(951,867)	1,322,040	370,173
Restated balance		60,057,000	14,097,066	(29,339,570)	83,397,289	128,211,785
Allotment of 1,182,000 new ordinary shares of RM1 each at RM1.70 per share pursuant to the ESOS		1,182,000	827,400	-	-	2,009,400
Exchange gain on translation of net investment in foreign subsidiary		-	-	94,605	-	94,605
Transfer of revaluation reserve	22	-	-	(237,967)	237,967	-
Net gain not recognised in the income statements		-	-	(143,362)	237,967	94,605
Net profit after tax for the year		-	-	-	11,110,729	11,110,729
Dividend	24	-	-	-	(7,320,159)	(7,320,159)
Balance as of December 31, 2004		61,239,000	14,924,466	(29,482,932)	87,425,826	134,106,360

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STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2004

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

	Note	Revaluation Reserve	Exchange Reserve	Merger Deficit	Total
		RM	RM	RM	RM
Balance as of January 1, 2003					
As previously stated		10,676,084	(116,336)	(38,999,998)	(28,440,250)
Prior years adjustments	23	(713,900)	-	-	(713,900)
Restated balance		9,962,184	(116,336)	(38,999,998)	(29,154,150)
Exchange gain on translation of net investment in foreign subsidiary		-	52,547	-	52,547
Transfer of revaluation reserve	22	(237,967)	-	-	(237,967)
Net gain not recognised in the income statements		(237,967)	52,547	-	(185,420)
Balance as of December 31, 2003					
As previously stated		10,676,084	(63,789)	(38,999,998)	(28,387,703)
Prior years adjustments	23	(951,867)	-	-	(951,867)
Restated balance		9,724,217	(63,789)	(38,999,998)	(29,339,570)
Exchange gain on translation of net investment in foreign subsidiary		-	94,605	-	94,605
Transfer of revaluation reserve	22	(237,967)	-	-	(237,967)
Net gain not recognised in the income statements		(237,967)	94,605	-	(143,362)
Balance as of December 31, 2004		9,486,250	30,816	(38,999,998)	(29,482,932)

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P.I.E. INDUSTRIAL BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2004

The Company

	Note	Share Capital	Share Premium	Retained Profit	Total
		RM	RM	RM	RM
Balance as of January 1, 2003		60,000,000	14,057,166	14,290,020	88,347,186
Allotment of 57,000 new ordinary shares of RM1 each at RM1.70 per share pursuant to the ESOS		57,000	39,900	-	96,900
Net loss after tax for the year		-	-	(182,547)	(182,547)
Dividend	24	-	-	(6,000,000)	(6,000,000)
Balance as of December 31, 2003		60,057,000	14,097,066	8,107,473	82,261,539
Allotment of 1,182,000 new ordinary shares of RM1 each at RM1.70 per share pursuant to the ESOS		1,182,000	827,400	-	2,009,400
Net profit after tax for the year		-	-	11,368,948	11,368,948
Dividend	24	-	-	(7,320,159)	(7,320,159)
Balance as of December 31, 2004		61,239,000	14,924,466	12,156,262	88,319,728

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

Company No.: 424086 X

P.I.E. INDUSTRIAL BERHAD
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CASH FLOW STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/ (loss) before tax	14,198,430	10,717,220	11,368,948	(183,066)
Adjustments for:				
Depreciation of property, plant and equipment	5,422,169	5,376,617	-	-
Allowance for slow moving inventories	1,683,186	1,882,910	-	-
Allowance for doubtful debts	206,339	207,727	-	-
Interest expenses	170,828	147,477	-	-
Property, plant and equipment written off	17,823	-	-	-
Interest income	(739,368)	(825,309)	(225,590)	(310,908)
Allowance for diminution in value of investment in bond funds no longer required	(616,593)	-	(616,593)	-
Gain on disposal of investments	(303,164)	(365,978)	(303,164)	(365,978)
Allowance for doubtful debts no longer required	(206,494)	(25,165)	-	-
Gain on disposal of property, plant and equipment	(96,731)	(399)	-	-
Gross dividend income from subsidiary companies	-	-	(11,000,000)	-
Allowance for diminution in value of investment in bond funds	-	148,649	-	148,649
Bad debts written off	-	4,631	-	-
Operating profit/ (loss) before working capital changes	19,736,425	17,268,380	(776,399)	(711,303)
(Increase)/ decrease in:				
Inventories	(6,421,890)	(3,774,554)	-	-
Trade receivables	(9,351,607)	(5,567,995)	-	-
Other receivables and prepaid expenses	(1,293,688)	1,069,486	-	19,244
Amount owing by ultimate holding company	-	120	-	-
Amount owing by subsidiary companies	-	-	-	5,400
Amount owing by related companies	2,755,443	716,862	-	-

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CASH FLOW STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Increase/ (decrease) in:				
Trade payables	(1,346,402)	4,435,048	-	-
Other payables and accrued expenses	(445,153)	2,097,752	3,312	-
Amount owing to ultimate holding company	39,610	(15,840)	-	-
Amount owing to a related company	(56,615)	(196,920)	-	-
Amount owing to directors	6,000	-	6,000	-
Cash generated from/ (used in) operations	3,622,123	16,032,339	(767,087)	(686,659)
Tax paid	(3,999,708)	(3,253,576)	-	(5,681)
Net cash (used in)/ generated from operating activities	(377,585)	12,778,763	(767,087)	(692,340)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of investments	17,803,164	25,158,980	17,803,164	25,158,980
Interest received	729,407	950,553	215,629	310,908
Proceeds from disposal of property, plant and equipment	102,400	800	-	-
Purchase of property, plant and equipment	(1,607,553)	(3,292,716)	-	-
Purchase of investment in bond funds	-	(23,400,000)	-	(23,400,000)
Net cash generated from/ (used in) investing activities	17,027,418	(582,383)	18,018,793	2,069,888

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P.I.E. INDUSTRIAL BERHAD
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CASH FLOW STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase/ (decrease) in bank borrowings	9,165,000	(7,378,769)	-	-
Proceeds from issuance of the Company's ESOS shares	2,009,400	96,900	2,009,400	96,900
Dividend paid	(7,320,159)	(6,000,000)	(7,320,159)	(6,000,000)
Interest paid	(170,828)	(147,477)	-	-
Net cash generated from/ (used in) financing activities	3,683,413	(13,429,346)	(5,310,759)	(5,903,100)
Exchange translation difference	94,605	52,547	-	-
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	20,427,851	(1,180,419)	11,940,947	(4,525,552)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	47,463,013	48,643,432	8,881,218	13,406,770
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 25)	67,890,864	47,463,013	20,822,165	8,881,218

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

1. GENERAL INFORMATION

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.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the main board of Bursa Malaysia Securities.

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

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on February 28, 2005.

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 in Malaysia.

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, transactions and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. The Group adopts both the acquisition and merger methods of consolidation.

When the acquisition method is adopted, the excess of the purchase consideration over the fair value of the net assets of the subsidiary company at the date of acquisition is included in the consolidated financial statements as goodwill on consolidation. The goodwill on consolidation is amortised evenly on a straight-line method over a period of 20 years. Where an indication of impairment exists, the carrying amount of goodwill is assessed and written down immediately to its recoverable amount. The results of the subsidiary company acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal.

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 and when the risks and rewards of ownership have passed. Dividend income is recognised when the shareholder's right to receive payments is established. Rental income is accrued on a time basis, by reference to the agreements entered. Interest income and other operating income are recognised on an accrual basis.

Foreign Currency Conversion

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the time of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at balance sheet date. Translation gains and losses are recognised in the income statements as they arise.

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

Assets and liabilities	- at closing rate
Issued capital	- at historical rate
Revenue and expenses	- at average rate

Exchange differences due to such currency translations are dealt with through exchange reserve under shareholders' equity. Such translation gains or losses are recognised as income or expenses in the income statements, in the period in which the operations is disposed of.

The principal closing rates used in translation of foreign currency amounts and the financial statements of foreign entity are as follows:

	2004	2003
	RM	RM
1 United States Dollar	3.800	3.800
1 Singapore Dollar	2.448	2.314
1 New Taiwan Dollar	0.109	0.109
1 Japanese Yen	0.031	0.035

Income Tax

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilised.

Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia and Singapore make contributions to the state pension scheme, the employees' provident fund and central provident fund respectively. Such contributions are recognised as expenses in the income statements as incurred.

(iii) Equity compensation benefits

The Company's ESOS allows the Group's employees to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

Borrowing Costs

All interest and other costs incurred in connection with borrowings are expensed as incurred.

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 in order to write off the cost of each asset to its residual value over its estimated useful life.

The annual depreciation rates are as follows:

	Rates
Short leasehold land	2%
Leasehold improvement	20%
Buildings	2% - 10%
Plant and machinery	10% - 33.3%
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	1.09%

The Group carried certain of 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 market conditions indicate that the carrying values of the revalued assets differ materially from the market value.

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 a 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 such assets are transferred to retained profit account.

During the financial year, the Group changed its accounting policy on the recognition of annual realisation of revaluation surplus through use of the revalued assets in conjunction with the crystallisation of deferred tax liabilities on revaluation surplus. Previously, the annual realisation of revaluation surplus through use of the revalued assets was not recognised. Upon the change of the aforesaid accounting policy, the Group transfers each year from revaluation surplus to retained profit the difference between the actual depreciation on the revalued assets and equivalent depreciation based on the cost of assets.

The effect of the change in accounting policy on the financial statements for the current and prior years are shown in Note 23.

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 are 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 costs to completion.

Cost of work-in-progress and finished goods consists of cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads while the cost 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.

Borrowings and Payables

Borrowings and payables are stated at cost.

Share Capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, otherwise the cost is charged to the income statements if there is insufficient share premium.

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 changes in value.

Leased Assets

Assets under leases which in substance transfer the risks and benefits of ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the fair value of the leased assets which approximates the present value of the minimum lease payments, at the beginning of the respective lease terms.

Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statements over the term of the relevant lease period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period. All other leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statements as incurred.

Financial Instruments

Financial instruments carried on the balance sheets include short-term deposits, 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. Interests, 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 and the Company have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Contingent Liabilities

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

4. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Sales of goods:				
Manufacturing	140,544,956	98,888,875	-	-
Trading	13,578,640	22,763,813	-	-
Dividend income from subsidiary companies	-	-	11,000,000	-
Management fee	-	-	129,600	129,600
	154,123,596	121,652,688	11,129,600	129,600

5. STAFF COSTS

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Staff costs:				
Employees' provident fund and central provident fund contributions	698,335	712,984	64,904	60,267
Other staff costs	12,311,974	9,960,018	714,357	651,800
	13,010,309	10,673,002	779,261	712,067
Number of directors and employees at end of year:				
Directors	14	16	6	7
Employees	817	752	3	3

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

6. PROFIT/ (LOSS) BEFORE TAX

Profit/ (loss) before tax is arrived at:

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
After charging:				
Allowance for slow moving inventories	1,683,186	1,882,910	-	-
Directors' remuneration:				
Fee				
Directors of the Company	39,500	30,000	39,500	30,000
Employees' provident fund and central provident fund contributions				
Directors of the Company	54,301	50,642	54,301	50,642
Directors of subsidiary companies	30,838	33,657	-	-
Other emoluments				
Directors of the Company	556,523	513,702	556,523	513,702
Directors of subsidiary companies	411,482	415,315	-	-
Allowance for doubtful debts	206,339	207,727	-	-
Interest on bank borrowings	170,828	147,477	-	-
Rental of premises	77,059	55,206	-	-
Audit fee	59,501	59,277	16,000	16,000
Property, plant and equipment written off	17,823	-	-	-
Office equipment rental	10,552	8,757	-	-
Allowance for diminution in value of investment in bond funds	-	148,649	-	148,649
Bad debts written off	-	4,631	-	-
And crediting:				
Interest on short-term deposits	739,368	825,309	225,590	310,908
Rental income	680,000	-	-	-
Allowance for diminution in value of investment in bond funds no longer required	616,593	-	616,593	-
Realised gain on foreign exchange	559,520	292,618	-	-
Gain on disposal of investments	303,164	365,978	303,164	365,978
Allowance for doubtful debts no longer required	206,494	25,165	-	-
Gain on disposal of property, plant and equipment	96,731	399	-	-
Bad debts recovered	-	5,564	-	-

7. TAX EXPENSE/ (INCOME)

	The Group 2004	The Group 2003	The Company 2004	The Company 2003
	RM	RM	RM	RM
Current tax expense:				
Current year	4,760,000	3,373,000	-	-
Deferred tax income (Note 22):				
Recognition of previously unrecognised deferred tax assets	(798,000)	-	-	-
Deferred tax income relating to the origination and reversal of temporary differences in current year	(789,000)	-	-	-
Annual crystallisation of deferred tax on revaluation surplus	(92,543)	(92,543)	-	-
	(1,679,543)	(92,543)	-	-
Under/ (over)provision of current tax expense in prior year	7,244	(519)	-	(519)
Tax expense/ (income)	3,087,701	3,279,938	-	(519)

The Malaysian government enacted a change in the corporate income tax rate such that small and medium scale companies with paid-up capital of RM2.5 million and below are subject to income tax at the rate of 20% on chargeable income of up to RM500,000 and RM100,000 for the years of assessment 2004 and 2003 respectively. For chargeable income in excess of these amounts, the corporate income tax rate is at 28%.

The Group is operating in the jurisdictions of Malaysia and Singapore. The applicable domestic statutory income tax rates are 20% and 28% for Malaysia and 20% (2003: 22%) for Singapore.

The numerical reconciliations between tax expense/ (income) and the product of accounting profit/ (loss) multiplied by the applicable tax rates are as follows:

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Accounting profit/ (loss)	14,198,430	10,717,220	11,368,948	(183,066)
Tax amount at the statutory income tax rate of 28%	3,976,000	3,001,000	3,183,000	(51,000)
Tax effect on non-deductible/ (non-taxable) items:				
Non-deductible expenses	119,457	279,457	19,000	66,000
Non-taxable income	(129,000)	(106,000)	(3,202,000)	(102,000)
Net deferred tax assets not recognised	29,300	558,000	-	87,000
Effect of different tax rates used in computing deferred tax	13,000	-	-	-
Reduction on opening deferred tax resulting from reduction in tax rate	12,000	-	-	-
Under/ (over)provision of current tax expense in prior year	7,244	(519)	-	(519)
Tax saving on utilisation of reinvestment allowance	(113,000)	(453,000)	-	-
Recognition of previously unrecognised deferred tax assets	(798,000)	-	-	-
Effect of different tax rates in subsidiary companies	(29,300)	1,000	-	-
Tax expense/ (income)	3,087,701	3,279,938	-	(519)

The applicable tax rate of 28% (2003: 28%) used in the above numerical reconciliation of tax of the Group and of the Company is determined based on the statutory income tax rate prevailing for the Company.

As of December 31, 2004, the approximate amount of unabsorbed tax losses of the Group and of the Company, for which no deferred tax asset has been recognised in the financial statements, which are available for set-off against future taxable income are as follows:

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Unabsorbed tax losses	1,328,000	667,000	872,000	385,000

The unabsorbed tax losses is subject to agreement by the tax authority.

8. EARNINGS PER ORDINARY SHARE

	The Group	
	2004	2003
	RM	RM
Net profit attributable to ordinary shareholders	11,110,729	7,437,282

	2004	2003
	Units	Units
Number of shares in issue as of January 1	60,057,000	60,000,000
Effect of the exercise of ESOS	723,584	10,520
Weighted average number of ordinary shares in issue	60,780,584	60,010,520
Basic earnings per ordinary share (sen)	18.28	12.39
Weighted average number of ordinary shares in issue	60,780,584	60,010,520
ESOS:		
No. of unissued shares	3,137,000	4,319,000
No. of shares that would have been issued at fair value	(2,370,178)	(1,411,115)
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	61,547,406	62,918,405
Diluted earnings per ordinary share (sen)	18.05	11.82

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
2004:					
Short 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	37,719,120	1,214,480	(353,811)	-	38,579,789
Production tools and equipment	1,833,842	238,200	(61,910)	-	2,010,132
Furniture, fixtures and office equipment	2,228,997	154,873	(122,722)	805	2,261,953
Mechanical and electrical installation	1,608,537	-	-	-	1,608,537
Motor vehicles	1,344,421	-	-	-	1,344,421
Leasehold flats					
- at 2000 valuation	2,170,000	-	-	-	2,170,000
	81,147,931	1,607,553	(538,443)	805	82,217,846
2003	77,858,647	3,292,716	(3,859)	427	81,147,931

Accumulated Depreciation	Beginning of year	Charge for The year	Disposals/ Written-off	Exchange Reserve*	End of year
	RM	RM	RM	RM	RM
2004:					
Short leasehold land					
- at cost	124,184	40,276	-	-	164,460
- at 2000 valuation	763,879	202,981	-	-	966,860
Leasehold improvement	203,862	-	-	-	203,862
Buildings					
- at cost	889,915	288,621	-	-	1,178,536
- at 2000 valuation	2,352,413	549,557	-	-	2,901,970
Plant and machinery	28,734,351	3,921,945	(342,217)	-	32,314,079
Production tools and equipment	1,496,893	190,524	(58,953)	-	1,628,464
Furniture, fixtures and office equipment	1,952,167	149,594	(113,781)	805	1,988,785
Mechanical and electrical installation	1,549,607	22,357	-	-	1,571,964
Motor vehicles	1,263,922	32,727	-	-	1,296,649
Leasehold flats					
- at 2000 valuation	91,442	23,587	-	-	115,029
	39,422,635	5,422,169	(514,951)	805	44,330,658
2003	34,049,049	5,376,617	(3,458)	427	39,422,635

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

	The Group	
	2004	2003
	RM	RM
Net Book Value:		
Short leasehold land		
- at cost	1,849,335	1,889,611
- at 2000 valuation	9,182,187	9,385,168
Leasehold improvement	22	22
Buildings		
- at cost	1,707,669	1,996,290
- at 2000 valuation	16,088,113	16,637,670
Plant and machinery	6,265,710	8,984,769
Production tools and equipment	381,668	336,949
Furniture, fixtures and office equipment	273,168	276,830
Mechanical and electrical installation	36,573	58,930
Motor vehicles	47,772	80,499
Leasehold flats		
- at 2000 valuation	2,054,971	2,078,558
	37,887,188	41,725,296

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 was credited to revaluation reserve.

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

	The Group	
	2004	2003
	RM	RM
At cost:		
Short 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:		
Short leasehold land	831,602	772,756
Buildings	4,648,448	4,243,527
Leasehold flats	164,796	149,927
	5,644,846	5,166,210
Net book value	13,467,351	13,945,987

As of December 31, 2004, the strata titles for the leasehold flats with a carrying value of RM2,054,971 (2003: RM2,078,558) have not yet been issued by the relevant authorities.

10. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2004	2003
	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 2004	2003
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 compounds	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 electronic and telecommunication components and equipment	100%	100%
+P.I.W. Enterprise (Malaysia) Sdn. Bhd.	Malaysia	Trading of electrical products	100%	100%

* These 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 2004	2003
	RM	RM
Investment in bond funds – at cost	-	17,500,000
Less: Allowance for diminution in value	-	(616,593)
	-	16,883,407

12. INVENTORIES

	The Group	
	2004	2003
	RM	RM
At cost:		
Raw materials	13,606,465	10,791,800
Work-in-progress	5,209,109	5,120,891
Finished goods	3,201,021	1,365,200
	22,016,595	17,277,891
At net realisable value		
Raw materials	6,244,410	4,834,249
Less: Allowance for slowing moving inventories	(6,244,410)	(4,834,249)
	-	-
Work-in-progress	1,942	2,057
Less: Allowance for slow moving inventories	(1,942)	(2,057)
	-	-
Finished goods	646,081	372,941
Less: Allowance for slow moving inventories	(646,081)	(372,941)
	-	-
	22,016,595	17,277,891

13. TRADE RECEIVABLES

	The Group	
	2004	2003
	RM	RM
Amount outstanding	35,645,382	26,293,775
Less: Allowance for doubtful debts	(380,566)	(265,397)
	35,264,816	26,028,378

Trade receivables comprise amounts receivable for the sale of goods. The credit periods granted on sale of goods range from 30 to 90 days (2003: 30 to 90 days). An allowance has been made for estimated irrecoverable amount from the sale of goods of RM380,566 (2003: RM265,397). This allowance has been determined by reference to past default experience.

Analysis of trade receivables by currencies:

	The Group	
	2004	2003
	RM	RM
United States Dollar	22,517,902	15,494,605
Ringgit Malaysia	10,623,526	8,947,043
Singapore Dollar	2,123,388	1,586,730
	35,264,816	26,028,378

14. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Prepaid expenses	1,708,826	525,511	-	-
Deposits	109,317	105,898	2,500	2,500
Other receivables	106,954	-	-	-
Interest receivable	15,577	5,616	15,577	5,616
	1,940,674	637,025	18,077	8,116

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.

The amount owing to ultimate holding company and the amount owing by/ (to) related companies arose mainly from trade transactions.

The amount owing by subsidiary companies arose mainly from management fee receivable and dividend receivable.

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

	The Company	
	2004	2003
	RM	RM
Amount owing by subsidiary companies:		
Pan-International Electronics (Malaysia) Sdn. Bhd.	9,605,400	5,400
Pan-International Wire & Cable (Malaysia) Sdn. Bhd.	1,405,400	5,400
	11,010,800	10,800

	The Group	
	2004	2003
	RM	RM
Amount owing by related companies:		
PT. Pan Super Bintang Surya Manufacturing	-	2,408,334
Less: Allowance for doubtful debts	-	(167,068)
	-	2,241,266
Pan-International Electronics (Thailand) Co. Ltd.	586,344	744,533
Dong Guan Pan-International Wire & Cable	-	240,664
	586,344	3,226,463
Amount owing to a related company:		
PT. Pan Super Bintang Surya Manufacturing	101,468	158,083

Included in the following accounts of the Group as of December 31, 2004 are amounts owing by/ to related parties:

	The Group	
	2004	2003
	RM	RM
Trade receivable:		
Hon Hai Precision Industry Co. Ltd.*	89	3,167
Trade payable:		
Hon Hai Precision Industry Co. Ltd.*	-	10,499

* A substantial shareholder of Pan-International Industrial Corporation.

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

	The Group 2004 RM	The Group 2003 RM
With Ultimate Holding Company		
Purchase of raw materials	705,001	471,798
Sales of finished goods	12,555	-
Purchase of property, plant and equipment	8,917	-
Miscellaneous purchases	47,029	111,369

	The Company 2004 RM	The Company 2003 RM
With Subsidiary Companies		
Dividend receivable		
Pan-International Electronics (Malaysia) Sdn. Bhd.	9,600,000	-
Pan-International Wire & Cable (Malaysia) Sdn. Bhd.	1,400,000	-
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

	The Group 2004 RM	The Group 2003 RM
With Related Companies		
Sales of finished goods		
Pan-International Electronics (Thailand) Co. Ltd.	2,962,307	2,853,444
PT. Pan Super Bintang Surya Manufacturing	39,263	793,947
Dong Guan Pan-International Wire & Cable	-	240,664
Purchase of raw materials		
PT. Pan Super Bintang Surya Manufacturing	54,830	940,669
Pan-International Electronics (Thailand) Co. Ltd.	-	335

	The Group	
	2004	2003
	RM	RM
With Other Related Parties		
Purchase of raw materials		
Hon Hai Precision Industry Co. Ltd.	85,485	162,348
Sales of finished goods		
Hon Hai Precision Industry Co. Ltd.	-	128,235

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.

The amount owing to ultimate holding company and the amount owing by/ (to) other related companies are denominated in United States Dollar.

16. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases range from 30 to 60 days (2003: 30 to 60 days).

Analysis of trade payables by currencies:

	The Group	
	2004	2003
	RM	RM
United States Dollar	5,170,541	6,061,447
Ringgit Malaysia	4,612,817	4,421,838
Japanese Yen	186	613,531
Other currencies	19,418	52,548
	9,802,962	11,149,364

17. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Other payables	1,195,569	2,696,146	3,312	-
Accrued expenses	3,383,239	2,327,815	16,000	16,000
	4,578,808	5,023,961	19,312	16,000

Other payables and accrued expenses comprise amount outstanding for ongoing costs.

Analysis of other payables and accrued expenses by currencies:

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Ringgit Malaysia	4,464,153	3,226,494	19,312	16,000
United States Dollar	96,702	43,169	-	-
Singapore Dollar	17,953	14,686	-	-
Japanese Yen	-	1,739,612	-	-
	4,578,808	5,023,961	19,312	16,000

18. AMOUNT OWING TO DIRECTORS

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

19. BANK BORROWINGS – Unsecured

	The Group	
	2004	2003
	RM	RM
Bankers' acceptance	14,581,000	5,416,000

The bankers' acceptance bears effective interest rate at 2.9% (2003: 2.9%) per annum and is maturing from January 2005 to March 2005.

The Group has banking facilities totalling RM54.25 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 guarantees from the Company.

20. SHARE CAPITAL

	The Group and the Company			
	2004		2003	
	No. of shares	RM	No. of shares	RM
Authorised:				
100,000,000 shares of RM1 each	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid				
At beginning of year	60,057,000	60,057,000	60,000,000	60,000,000
Exercise of employees' share options	1,182,000	1,182,000	57,000	57,000
At end of year	61,239,000	61,239,000	60,057,000	60,057,000

During the financial year, the issued and paid-up share capital of the Company was increased from RM60,057,000 to RM61,239,000 by way of issuance of 1,182,000 new ordinary shares of RM1 each for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company at an exercise price of RM1.70 per ordinary share.

The resultant premium arising from the shares issued pursuant to the ESOS of RM827,400 was credited to the share premium account.

The new ordinary shares rank pari passu with the then existing ordinary shares of the Company.

Under the Company's ESOS which became effective on December 2, 2002, options to subscribe for unissued new ordinary shares of RM1 each in the Company were granted to eligible directors and employees of the Company and its subsidiary companies.

The share options granted and exercised during the financial year were as follows:

		No. of options over ordinary shares of RM1 each			
Exercisable from	Exercise price per ordinary share	Balance as of 1.1.2004	Granted	Exercised	Balance as of 31.12.2004
	RM				
August 13, 2003	1.70	4,319,000	-	(1,182,000)	3,137,000

Details of ESOS exercised during the financial year and the fair value, at exercise date, of shares issued are as follows:

Exercise Date	Exercise price per ordinary share	Fair value of shares issued	No. of options exercised	Considerations received
	RM	RM		RM
2004:				
January 2004	1.70	2.01 - 2.04	2,000	3,400
February 2004	1.70	1.92 - 2.01	22,000	37,400
March 2004	1.70	2.07 - 2.15	105,000	178,500
April 2004	1.70	2.11 - 2.28	761,000	1,293,700
May 2004	1.70	2.12 - 2.23	31,000	52,700
June 2004	1.70	2.15 - 2.26	39,000	66,300
July 2004	1.70	2.29 - 2.33	49,000	83,300
August 2004	1.70	2.29 - 2.35	40,000	68,000
September 2004	1.70	2.30 - 2.34	18,000	30,600
October 2004	1.70	2.29 - 2.36	28,000	47,600
November 2004	1.70	2.35 - 2.40	10,000	17,000
December 2004	1.70	2.43 - 2.45	77,000	130,900
			1,182,000	2,009,400

Exercise Date	Exercise price per ordinary share	Fair value of shares issue	No. of options exercised	Considerations received
	RM	RM		RM
2003:				
September 2003	1.70	2.04	12,000	20,400
October 2003	1.70	2.15 - 2.20	38,000	64,600
November 2003	1.70	2.01	2,000	3,400
December 2003	1.70	2.00	5,000	8,500
			57,000	96,900

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 Bursa Malaysia Securities 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.

21. RESERVES

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Non-distributable:				
Share premium	14,924,466	14,097,066	14,924,466	14,097,066
Revaluation reserve				
As previously stated	9,486,250	10,676,084	-	-
Prior years adjustments (Note 23)	-	(951,867)	-	-
Restated balance	9,486,250	9,724,217	-	-
Translation reserve	30,816	(63,789)	-	-
Merger deficit	(38,999,998)	(38,999,998)	-	-
	(14,558,466)	(15,242,504)	14,924,466	14,097,066
Distributable:				
Retained profit:				
As previously stated	87,425,826	82,075,249	12,156,262	8,107,473
Prior years adjustments (Note 23)	-	1,322,040	-	-
Restated balance	87,425,826	83,397,289	12,156,262	8,107,473
	72,867,360	68,154,785	27,080,728	22,204,539

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, as described in the accounting policies. This amount arose from the revaluation of leasehold land, buildings and leasehold flats as disclosed in Note 9, net of the related deferred tax liabilities.

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

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

	The Group	
	2004	2003
	RM	RM
Deferred tax liabilities	3,689,095	3,781,638
Deferred tax assets	(1,587,000)	-
Net position	2,102,095	3,781,638

The movement of the Group's deferred tax liabilities is as follows:

	2004	2003
	RM	RM
Balance at beginning of year		
As previously stated	4,151,811	4,151,811
Prior years adjustments (Note 23)	(370,173)	(277,630)
Restated balance	3,781,638	3,874,181
Transfer to income statements (Note 7):		
Annual crystallisation of deferred tax on revaluation surplus	(92,543)	(92,543)
Balance at end of year	3,689,095	3,781,638

The Group's deferred tax liabilities are in respect of tax effect of revaluation surplus.

A deferred tax income of RM92,543 (2003: RM92,543) was recognised by a transfer from the deferred tax liabilities to the income statements. In addition, an amount of RM237,967 (2003: RM237,967) net of the related deferred tax was transferred from revaluation reserve to retained profit. These relate to the difference between the actual depreciation on the revalued assets and equivalent depreciation based on the cost of the assets.

The movement of the Group's deferred tax assets is as follows:

	2004	2003
	RM	RM
Balance at beginning of year	-	-
Transfer to income statements (Note 7):		
Deferred tax income relating to the origination and reversal of temporary differences in current year	(789,000)	-
Recognition of previously unrecognised deferred tax assets	(798,000)	-
Balance at end of year	(1,587,000)	-

The Group's deferred tax assets are in respect of the following:

	Deferred Tax Assets/(Liabilities)	
	2004	2003
	RM	RM
Tax effect of temporary differences between tax capital allowances and depreciation of property, plant and equipment	(933,000)	-
Tax effect of:		
Allowance for slow moving inventories	1,916,000	-
Provision of bonus	541,000	-
Other temporary differences	63,000	-
	1,587,000	-

As mentioned in Note 3, deferred tax asset is recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. As of December 31, 2004, the amounts of estimated net deferred tax assets of the Group and of the Company calculated at applicable tax rates which are not recognised in the financial statements, are as follows:

	Deferred Tax Assets/(Liabilities)			
	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Tax effect of temporary differences between tax capital allowances and depreciation of property, plant and equipment	-	(1,041,000)	-	-
Tax effect of:				
Unabsorbed tax losses	335,295	169,074	244,000	107,000
Other temporary differences	-	1,839,000	-	-
	335,295	967,074	244,000	107,000

23. PRIOR YEARS ADJUSTMENTS

In the previous financial year, the Group adopted MASB 25, Income Taxes pursuant to which the deferred tax liabilities relating to the revaluation surplus of certain properties was accounted for retrospectively in the financial statements of the Group. However, the annual crystallisation of deferred tax liabilities on revaluation surplus through use of the revalued assets are not transferred to income statements. This constitutes a fundamental error and is subject to prior years adjustments.

During the financial year, the Group changed its accounting policy on the recognition of annual realisation of revaluation surplus through use of the revalued assets. Previously, the annual realisation of revaluation surplus through use of the revalued assets was not recognised. Upon adjustment of the aforesaid fundamental error, the Group transfers each year from revaluation surplus to retained profit the difference between the actual depreciation on the revalued assets and equivalent depreciation based on the cost of assets.

The effect of the correction of the aforesaid fundamental error on the annual crystallisation of deferred tax liabilities on revaluation surplus is to increase deferred tax income and net profit for the current financial year of the Group by RM92,543.

The aforesaid fundamental error and change in accounting policy have been accounted for retrospectively and the effects on prior years have been taken up as prior years adjustments in the financial statements. Accordingly, the following accounts in prior years have been restated to reflect the effects of the correction of the aforesaid fundamental error and accounting changes:

	As previously reported	Adjustments	As restated
	RM	RM	RM
The Group			
Financial year ended December 31, 2003			
Income statements			
Tax expense	3,372,481	(92,543)	3,279,938
Net profit after tax for the year	7,344,739	92,543	7,437,282
As of December 31, 2003			
Balance sheets			
Retained profit at end of year	82,075,249	1,322,040	83,397,289
Revaluation reserve	10,676,084	(951,867)	9,724,217
Deferred tax liabilities	4,151,811	(370,173)	3,781,638
As of December 31, 2002			
Balance sheets			
Retained profit at end of year	80,730,510	991,530	81,722,040
Revaluation reserve	10,676,084	(713,900)	9,962,184
Deferred tax liabilities	4,151,811	(277,630)	3,874,181

24. DIVIDEND

	The Group and the Company	
	2004	2003
	RM	RM
First and final tax exempt dividend, declared and paid of 12 sen per ordinary share, for 2003	7,320,159	-
First and final tax exempt dividend, declared and paid of 10 sen per ordinary share, for 2002	-	6,000,000
	7,320,159	6,000,000

25. 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	
	2004	2003	2004	2003
	RM	RM	RM	RM
Short-term deposits with:				
Licenced bank	49,066,232	26,337,153	18,384,048	2,022,409
Licensed finance companies	9,686,004	4,176,419	2,000,000	1,037,055
	58,752,236	30,513,572	20,384,048	3,059,464
Cash and bank balances	9,138,628	16,949,441	438,117	5,821,754
	67,890,864	47,463,013	20,822,165	8,881,218

The short-term deposits bear interests at rates ranging from 1.7% to 3.20% (2003: 1% to 4%) per annum and are maturing in January 2005.

Analysis of cash and cash equivalents by currencies:

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Ringgit Malaysia	52,383,715	30,837,254	20,822,165	8,881,218
United States Dollar	15,425,499	16,504,472	-	-
Singapore Dollar	81,650	121,287	-	-
	67,890,864	47,463,013	20,822,165	8,881,218

26. CONTINGENT LIABILITY - Unsecured

As of December 31, 2004, the Company is contingently liable to the extent of RM14,581,000 (2003: RM5,416,000) in respect of guarantees given to certain banks and financial institutions for banking facilities granted to and utilised by its subsidiary companies.

27. LEASE COMMITMENTS

As of December 31, 2004, non-cancellable long-term lease commitments pertaining to the Group in respect of rental of premises are as follows:

	The Group	
	2004	2003
	RM	RM
Not later than 1 year	59,350	47,410
Later than 1 year but not later than 5 years	18,890	12,910
	78,240	60,320

28. CAPITAL COMMITMENTS

As of December 31, 2004, the Group's capital expenditures approved and contracted for amounted to approximately RM1,129,000 (2003: Nil).

29. SUBSEQUENT EVENT

Subsequent to December 31, 2004, the Company has invested an amount of RM5,000,000 in bond funds.

30. 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)
- investment holdings

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

The Group

	Manufacturing of industrial products	Trading of electrical products	Investment holdings	Elimination	Total
	RM	RM	RM	RM	RM
2004					
Revenue					
External sales	140,544,956	13,578,640	-	-	154,123,596
Inter-segment sales	4,667,438	3,400	11,129,600	(15,800,438)	-
Total revenue	145,212,394	13,582,040	11,129,600	(15,800,438)	154,123,596
Results					
Profit from operations	13,615,071	340,709	11,368,948	(10,955,470)	14,369,258
Finance costs	(170,828)	-	-	-	(170,828)
Profit before tax	13,444,243	340,709	11,368,948	(10,955,470)	14,198,430
Tax expense	(3,003,701)	(84,000)	-	-	(3,087,701)
Profit after tax	10,440,542	256,709	11,368,948	(10,955,470)	11,110,729
Other information					
Capital additions	1,607,553	-	-	-	1,607,553
Depreciation of property, plant and equipment	5,426,189	1,167	-	(5,187)	5,422,169
Non-cash expenses other than depreciation	1,692,507	214,841	-	-	1,907,348

	Manufacturing of industrial products	Trading of electrical products	Investment holdings	Elimination	Total
	RM	RM	RM	RM	RM
Consolidated Balance Sheet					
Assets					
Segment assets	139,411,344	7,042,709	31,851,042	(12,718,614)	165,586,481
Income tax assets	1,583,595	79,000	-	-	1,662,595
Consolidated total assets	140,994,939	7,121,709	31,851,042	(12,718,614)	167,249,076
Liabilities					
Segment liabilities	40,773,053	1,067,324	31,312	(12,622,953)	29,248,736
Income tax liabilities	3,893,980	-	-	-	3,893,980
Consolidated total liabilities	44,667,033	1,067,324	31,312	(12,622,953)	33,142,716
2003					
Revenue					
External sales	98,888,875	22,763,813	-	-	121,652,688
Inter-segment sales	2,697,055	24,040	129,600	(2,850,695)	-
Total revenue	101,585,930	22,787,853	129,600	(2,850,695)	121,652,688
Results					
Profit/ (loss) from operations	10,540,015	614,487	(183,066)	(106,739)	10,864,697
Finance costs	(146,260)	(10,571)	-	9,354	(147,477)
Profit/ (loss) before tax	10,393,755	603,916	(183,066)	(97,385)	10,717,220
Tax (expense)/ income	(3,058,457)	(222,000)	519	-	(3,279,938)
Profit/ (loss) after tax	7,335,298	381,916	(182,547)	(97,385)	7,437,282
Other information					
Capital additions	3,292,716	-	-	-	3,292,716
Depreciation of property, plant and equipment	5,381,432	1,165	-	(5,980)	5,376,617
Non-cash expenses other than depreciation	2,050,807	44,461	148,649	-	2,243,917

	Manufacturing of industrial products	Trading of electrical products	Investment holdings	Elimination	Total
	RM	RM	RM	RM	RM
Consolidated Balance Sheet					
Assets					
Segment assets	121,982,154	6,664,627	25,783,541	(1,188,849)	153,241,473
Income tax assets	661,606	-	-	-	661,606
Consolidated total assets	122,643,760	6,664,627	25,783,541	(1,188,849)	153,903,079
Liabilities					
Segment liabilities	21,974,758	938,195	22,000	(1,048,657)	21,886,296
Income tax liabilities	3,781,638	23,360	-	-	3,804,998
Consolidated total liabilities	25,756,396	961,555	22,000	(1,048,657)	25,691,294

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	
	2004	2003
	RM	RM
United States of America	76,590,424	36,519,655
Malaysia	45,088,826	36,154,119
Other Asia Pacific Countries	32,444,346	48,978,914
	154,123,596	121,652,688

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

	2004	2003
	RM	RM
Malaysia	164,754,688	151,235,405
Singapore	2,494,388	2,667,674
	167,249,076	153,903,079

31. FINANCIAL INSTRUMENTS

a. Financial Risk Management Objectives and Policies

The operations of the Group and of the Company 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 and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/ or costs associated with the financing, investing and operating activities of the Group and the Company.

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 exposure to foreign exchange risk as a result of transactions, 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 and the Company's exposure to changes in interest rates relates primarily to the Group's and the Company's short-term deposits and bank borrowings. It has no significant interest-bearing financial assets and liabilities other than the short-term deposits and bank borrowings. The short term deposits are placed with reputable licenced bank and finance companies. The Group and the Company do not use derivative financial instruments 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 raw materials used in the operations. For marketable securities, the Group monitors fluctuations in market prices and to establish suitable cut loss procedures.

iv. Credit risk

The Group and the Company are exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history. 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 and the Company practise 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 and the Company review its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

b. Credit Risk

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

c. Fair Values

The carrying amount and the estimated fair value of the Group's and the Company's investment in bond funds as of December 31, 2004 are as follows:

	Carrying Amount		Fair Value	
	2004	2003	2004	2003
	RM	RM	RM	RM
Investment in bond funds	-	16,883,407	-	16,883,407

The fair value of investment in bond funds is determined by reference to the price quoted by the bond fund manager at the close of business at the balance sheet date.

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

It is not practical to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs or eventual outcome.

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, 2004 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,

February 28, 2005

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 February 28, 2005

Before me,

COMMISSIONER FOR OATHS

LODGED BY : PFA CORPORATE SERVICES SDN. BHD. (148766 X)

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251-A JALAN BURMA
10350 PENANG

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