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, 2010.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 17 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit for the year	25,663,247	9,667,749

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

During the current financial year, a special dividend of 23 sen gross per ordinary share, less tax, and a first and final dividend of 12 sen gross per ordinary share, less tax, amounting to RM11,039,120 and RM5,759,540 respectively, were declared and paid in respect of the previous financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

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

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

OTHER STATUTORY INFORMATION

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

(a) which would render the amount written off for bad debts or the amount of 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:

Ahmad Murad Bin Abdul Aziz
Mui Chung Meng
Chen, Chih-Wen
Cheng Shing Tsung
Cheung Ho Leung
Loo Hooi Beng
Khoo Lay Tatt

DIRECTORS' INTERESTS

The shareholdings in the Company and in related companies 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 1.1.2010**	**Bought**	**Sold**	**Balance as of 31.12.2010**
Direct interest:				
Ahmad Murad Bin Abdul Aziz	1	-	-	1
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 Company's immediate and ultimate holding companies are Pan Global Holding Co. Ltd., a corporation incorporated in British Virgin Islands and Pan-International Industrial Corp., 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,

April 6, 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
P.I.E. INDUSTRIAL BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of P.I.E. Industrial Berhad, which comprise the statements of financial position of the Group and of the Company as of December 31, 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 76.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

DELOITTE KASSIMCHAN

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
P.I.E. INDUSTRIAL BERHAD
(Incorporated in Malaysia)

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2010 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;

(b) we have considered the accounts and auditors' reports of the subsidiaries, of which we have not acted as auditors as mentioned in Note 17 to the financial statements, being accounts that have been included in the financial statements of the Group;

(c) we are satisfied that the accounts of the subsidiaries 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 financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

(d) the auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any adverse comment made under Section 174(3) of the Act.

DELOITTE KASSIMCHAN

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF P.I.E. INDUSTRIAL BERHAD
(Incorporated in Malaysia)

Other Reporting Responsibilities

The supplementary information set out in Note 38 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

LEE CHENG HEOH
Partner - 2225/04/12(J)
Chartered Accountant

April 6, 2011

Penang

Company No.: 424086 X

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010

		The Group		The Company	
	Note	**2010 RM**	**2009 RM**	**2010 RM**	**2009 RM**
Revenue	5	287,203,330	225,901,862	15,960,000	2,460,000
Investment revenue	6	3,473,695	2,622,990	288,578	328,333
Other gains and losses	7	(3,140,358)	176,720	-	-
Other income	8	6,369,458	4,676,105	-	-
Changes in inventories of finished goods and work-in-progress		2,968,888	(668,362)	-	-
Purchase of trading goods		(2,713,889)	(1,868,808)	-	-
Raw materials consumed		(211,704,267)	(152,293,017)	-	-
Employee benefits expense	9	(28,386,094)	(26,156,963)	(2,088,519)	(3,107,319)
Depreciation and amortisation expenses		(3,739,356)	(4,233,215)	-	-
Other expenses		(19,571,558)	(14,953,141)	(1,491,310)	(1,170,607)
Share of profits of jointly controlled entity		371,982	-	-	-
Profit/ (loss) before tax		31,131,831	33,204,171	12,668,749	(1,489,593)
Income tax expense	10	(5,468,584)	(7,922,397)	(3,001,000)	(473,417)
Profit/ (loss) for the year	11	25,663,247	25,281,774	9,667,749	(1,963,010)

Company No.: 424086 X

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010

		The Group		The Company	
	Note	**2010 RM**	**2009 RM**	**2010 RM**	**2009 RM**
Other comprehensive income					
Gain on revaluation of properties		2,206,681	-	-	-
Exchange differences on translating foreign operations		(130,413)	834,232	-	-
Gain on fair value adjustment of investment properties upon transfer from property, plant and equipment		-	1,097,953	-	-
Effect on deferred tax on property revaluations due to change in income tax rate		-	411,925	-	-
Other comprehensive income for the year, net of tax		2,076,268	2,344,110	-	-
Total comprehensive income for the year		27,739,515	27,625,884	9,667,749	(1,963,010)
Earnings per share:					
Basic (sen per share)	12	40	40		

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

Company No.: 424086 X

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

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010

		The Group		The Company	
	Note	2010	2009	2010	2009
		RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	13	32,624,919	24,476,586	-	-
Investment properties	14	27,442,310	18,291,280	-	-
Prepaid lease payments on leasehold land	15	12,743,872	8,369,999	-	-
Goodwill	16	1,721,665	1,721,665	-	-
Investments in subsidiaries	17	-	-	79,918,805	79,918,805
Investment in jointly controlled entity	18	371,982	-	25,000	25,000
Deferred tax assets	19	2,598,000	2,027,000	-	-
Total non-current assets		77,502,748	54,886,530	79,943,805	79,943,805
Current assets					
Inventories	20	27,073,422	26,826,218	-	-
Trade and other receivables	21	71,545,565	65,129,409	90,585,516	73,525,281
Other financial assets	22	200,300	-	-	-
Current tax assets		937,429	1,417,613	374,000	930,099
Other assets	23	2,100,850	1,315,702	18,076	19,863
Short-term deposits with licensed banks	24	75,194,984	107,469,173	1,451,000	26,008,712
Cash and bank balances	25	27,978,114	12,484,993	25,548	48,930
Total current assets		205,030,664	214,643,108	92,454,140	100,532,885
Total assets		282,533,412	269,529,638	172,397,945	180,476,690

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

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010

	Note	The Group 2010 RM	The Group 2009 RM	The Company 2010 RM	The Company 2009 RM
Equity and liabilities					
Capital and reserves					
Share capital	26	64,007,000	64,007,000	64,007,000	64,007,000
Treasury shares	26	(99,051)	(39,837)	(99,051)	(39,837)
Reserves	27	33,381,921	31,615,810	35,401,270	35,401,270
Retained earnings	28	136,196,121	127,021,377	70,628,567	77,759,478
Total equity attributable to owners of the Company		233,485,991	222,604,350	169,937,786	177,127,911
Non-current liabilities					
Deferred tax liabilities	19	4,331,952	3,638,836	-	-
Current liabilities					
Trade and other payables	29	43,587,613	42,504,545	2,460,159	3,348,779
Current tax liabilities		1,127,856	781,907	-	-
Total current liabilities		44,715,469	43,286,452	2,460,159	3,348,779
Total liabilities		49,047,421	46,925,288	2,460,159	3,348,779
Total equity and liabilities		282,533,412	269,529,638	172,397,945	180,476,690

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

Company No.: 424086 X

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

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2010

The Group

	Note	Share capital RM	Treasury shares RM	Share premium RM	Properties revaluation reserve RM	Translation reserve RM	Retained earnings RM	Total RM
Balance as of January 1, 2009		64,007,000	(35,306)	18,993,049	9,886,205	695,027	118,235,972	211,781,947
Profit for the year		-	-	-	-	-	25,281,774	25,281,774
Other comprehensive income for the year		-	-	-	1,509,878	834,232	-	2,344,110
Total comprehensive income for the year		-	-	-	1,509,878	834,232	25,281,774	27,625,884
Buy-back of ordinary shares		-	(4,531)	-	-	-	-	(4,531)
Transfer to retained earnings		-	-	-	(302,581)	-	302,581	-
Payment of dividends	30	-	-	-	-	-	(16,798,950)	(16,798,950)
Balance as of December 31, 2009		64,007,000	(39,837)	18,993,049	11,093,502	1,529,259	127,021,377	222,604,350

Company No.: 424086 X

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010

The Group

	Note	Share capital RM	Treasury shares RM	Share premium RM	Properties revaluation reserve RM	Translation reserve RM	Retained earnings RM	Total RM
Balance as of January 1, 2010		64,007,000	(39,837)	18,993,049	11,093,502	1,529,259	127,021,377	222,604,350
Profit for the year		-	-	-	-	-	25,663,247	25,663,247
Other comprehensive income for the year		-	-	-	2,206,681	(130,413)	-	2,076,268
Total comprehensive income for the year		-	-	-	2,206,681	(130,413)	25,663,247	27,739,515
Buy-back of ordinary shares		-	(59,214)	-	-	-	-	(59,214)
Transfer to retained earnings		-	-	-	(310,157)	-	310,157	-
Payment of dividends	30	-	-	-	-	-	(16,798,660)	(16,798,660)
Balance as of December 31, 2010		64,007,000	(99,051)	18,993,049	12,990,026	1,398,846	136,196,121	233,485,991

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010

The Company

	Note	Share capital RM	Treasury shares RM	Share premium RM	Merger reserve RM	Retained earnings RM	Total RM
Balance as of January 1, 2009		64,007,000	(35,306)	18,993,049	16,408,221	96,521,438	195,894,402
Loss for the year		-	-	-	-	(1,963,010)	(1,963,010)
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	(1,963,010)	(1,963,010)
Buy-back of ordinary shares		-	(4,531)	-	-	-	(4,531)
Payment of dividends	30	-	-	-	-	(16,798,950)	(16,798,950)
Balance as of December 31, 2009		64,007,000	(39,837)	18,993,049	16,408,221	77,759,478	177,127,911

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010

The Company

	Note	Share capital RM	Treasury shares RM	Share premium RM	Merger reserve RM	Retained earnings RM	Total RM
Balance as of January 1, 2010		64,007,000	(39,837)	18,993,049	16,408,221	77,759,478	177,127,911
Profit for the year		-	-	-	-	9,667,749	9,667,749
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	9,667,749	9,667,749
Buy-back of ordinary shares		-	(59,214)	-	-	-	(59,214)
Payment of dividends	30	-	-	-	-	(16,798,660)	(16,798,660)
Balance as of December 31, 2010		64,007,000	(99,051)	18,993,049	16,408,221	70,628,567	169,937,786

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

Company No.: 424086 X

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cash flows from operating activities				
Profit/ (loss) for the year	25,663,247	25,281,774	9,667,749	(1,963,010)
Income tax expense recognised in profit or loss	5,468,584	7,922,397	3,001,000	473,417
Depreciation and amortisation of non-current assets	3,739,356	4,233,215	-	-
Inventories written down	600,000	1,024,694	-	-
Impairment loss recognised on trade receivables	86,567	66	-	-
Bad debts written off	28,182	41,497	-	-
Property, plant and equipment written off	9,019	-	-	-
Interest revenue recognised in profit or loss	(1,234,421)	(1,479,098)	(288,578)	(328,333)
Reversal of inventories written down	(803,471)	(354,540)	-	-
Net unrealised foreign exchange gain	(469,815)	(1,192,224)	-	-
Share of profits of jointly controlled entity	(371,982)	-	-	-
Gain on fair value adjustment of investment properties	(208,071)	-	-	-
Net gain arising on financial assets designated as at fair value through profit or loss	(200,300)	-	-	-
Reversal of impairment loss on trade receivables	(140,478)	(437,302)	-	-
(Gain)/ loss on disposal of property, plant and equipment	(24,521)	62	-	-
Gross dividend income from subsidiaries	-	-	(13,500,000)	-
	32,141,896	35,040,541	(1,119,829)	(1,817,926)

Company No.: 424086 X

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Movements in working capital:				
(Increase)/ decrease in inventories	(77,475)	8,001,038	-	-
(Increase)/ decrease in trade and other receivables	(6,053,544)	3,486,814	-	-
Increase in other financial assets	(200,300)	-	-	-
(Increase)/ decrease in other assets	(786,467)	348,154	1,787	441
Increase/ (decrease) in trade and other payables	1,397,570	464,874	(888,620)	(136,091)
Cash generated from/ (used in) operations	26,421,680	47,341,421	(2,006,662)	(1,953,576)
Income taxes refunded	1,637,206	110,364	930,099	-
Income taxes paid	(6,886,626)	(9,434,661)	-	-
Net cash generated by/ (used in) operating activities	21,172,260	38,017,124	(1,076,563)	(1,953,576)
Cash flows from investing activities				
Interest received	1,239,607	1,477,242	313,343	351,438
Proceeds from disposal of property, plant and equipment	20,050	-	-	-
Payments for investment properties	(8,953,325)	-	-	-
Payments for property, plant and equipment	(8,733,544)	(1,965,067)	-	-
Payment for prepaid lease payments on leasehold land	(4,599,468)	-	-	-
Dividends received	-	-	10,125,000	-
(Advances to)/ repayment by subsidiaries	-	-	(17,085,000)	20,000,000
Net cash (used in)/ generated by investing activities	(21,026,680)	(487,825)	(6,646,657)	20,351,438

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

		The Group		The Company	
		2010	2009	2010	2009
		RM	RM	RM	RM
Cash flows from financing activities					
Dividends paid to owner of the Company		(16,798,660)	(16,798,950)	(16,798,660)	(16,798,950)
Payments for buy-back of shares		(59,214)	(4,531)	(59,214)	(4,531)
Bank balances held as security		-	(1,904)	-	-
Net cash used in financing activities		(16,857,874)	(16,805,385)	(16,857,874)	(16,803,481)
Net (decrease)/ increase in cash and cash equivalents		(16,712,294)	20,723,914	(24,581,094)	1,594,381
Cash and cash equivalents at the beginning of the year		119,896,598	98,378,088	26,057,642	24,463,261
Effects of exchange rate changes on the balances of cash held in foreign currencies		(68,494)	794,596	-	-
Cash and cash equivalents at the end of the year	31	103,115,810	119,896,598	1,476,548	26,057,642

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

1. GENERAL INFORMATION

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

The Company is principally involved in investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 17. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

The registered office of the Company is located at 57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia. The principal place of business of the Company is located at Plot 4, Jalan Jelawat Satu, Kawasan Perusahaan Seberang Jaya, 13700 Seberang Jaya, Seberang Perai, Penang, Malaysia.

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 Corp., a corporation incorporated in Taiwan respectively.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on April 6, 2011.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the provisions of the Companies Act, 1965 in Malaysia.

Adoption of new and revised Financial Reporting Standards

In the current financial year, the Group and the Company have adopted all the new and revised Standards and Issues Committee ("IC") Interpretations issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual periods beginning on or after January 1, 2010 as follows:

FRS 7	Financial Instruments: Disclosures
FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets – Effective date and transition)
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs (revised)
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)
FRS 139	Financial Instruments: Recognition and Measurement

FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets – Effective date and transition and embedded derivatives)

The adoption of these new and revised Standards and IC Interpretations have not materially affected the amounts reported on the financial statements of the Group and of the Company except for those Standards and IC Interpretations as set out below. Details of other Standards and IC Interpretations adopted in the financial statements of the Group and of the Company that have had no effect on the amounts reported but may affect the accounting for future transactions or arrangements are also set out below.

Standards affecting presentation and disclosure

(a) FRS 7 Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's and the Company's financial position and performance, the nature and extent of risks arising from financial instruments, and the objectives, policies and process for managing capital.

Comparative disclosures have not been presented upon initial adoption of this Standard as the Group and the Company had availed themselves of the transitional provision in this Standard.

(b) FRS 8 Operating Segments

FRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (FRS 114_{2004} Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments.

(c) FRS 101 Presentation of Financial Statements (revised)

FRS 101 has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard has required the presentation of a third statement of financial position as of January 1, 2009, in the event that the entity has applied new accounting policies retrospectively.

Standards and IC Interpretations affecting the reported results or financial position

(a) FRS 139 Financial Instruments: Recognition and Measurement

The Group and the Company has adopted FRS 139 prospectively on January 1, 2010 in accordance with the transitional provisions in FRS 139. On that date, financial assets were classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Financial liabilities were either classified as financial liabilities at fair value through profit or loss or other financial liabilities.

Upon adoption of FRS 139, all derivative financial instruments held by the Group and the Company were recognised in the statement of financial position as financial assets or financial liabilities through profit or loss at the date the contracts were entered into.

There was no outstanding derivative financial instruments entered into by the Group and the Company as of January 1, 2010. Accordingly, the adoption of FRS 139 have had no impact on amounts reported as of January 1, 2010.

Consequently, the adoption of FRS 139 does not affect the earnings per share for prior period and has no material impact to current year's basic earnings per share.

Standards and IC Interpretations adopted with no effect on financial statements

The following new and revised Standards and IC Interpretations have also been adopted in the financial statements of the Group and of the Company. Their adoption has not had any significant impact on the amounts reported in the financial statements of the Group and of the Company but may affect the accounting for future transactions or arrangements.

(a) FRS 1 First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)

The amendments deal with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting FRSs for the first time and with the recognition of dividend income from subsidiaries in a parent's separate financial statements.

(b) FRS 2 Share-based Payment (Amendments relating to vesting conditions and cancellations)

The amendments clarify the definition of vesting conditions for the purposes of FRS 2, introduce the concept of "non-vesting" conditions, and clarify the accounting treatment for cancellations.

(c) FRS 132 Financial Instruments: Presentation (Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation and transitional provision relating to compound instruments)

The revisions to FRS 132 amend the criteria for debt/ equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.

(d) Improvements to FRSs issued in 2009

In addition to the changes affecting presentation and disclosure in the financial statements and changes affecting amounts reported in the financial statements described above, the Improvements have led to a number of changes in the detail of the Group’s and the Company’s accounting policies, some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.

(e) IC Interpretation 9 Reassessment of Embedded Derivatives

This Interpretation clarifies that an entity should reassess whether an embedded derivative needs to be separated from the host contract after the initial hybrid contract is recognised only when there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

(f) IC Interpretation 9 Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives)

This Interpretation requires that an entity shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is either a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, or a reclassification of a financial asset out of the fair value through profit or loss category, in which cases an assessment is required.

(g) IC Interpretation 10 Interim Financial Reporting and Impairment

This Interpretation requires that when an impairment loss is recognised in an interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost, that impairment should not be reversed in subsequent interim financial statements nor in annual financial statements.

(h) IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions

This Interpretation addresses two issues.

The first is whether the following transactions should be accounted for as equity - settled or as cash-settled under the requirements of FRS 2:

(i) an entity grants to its employees rights to equity instruments of the entity (eg share options), and either chooses or is required to buy equity instruments (i.e. treasury shares) from another party, to satisfy its obligations to its employees; and
(ii) an entity's employees are granted rights to equity instruments of the entity (eg share options), either by the entity itself or by its shareholders, and the shareholders of the entity provide the equity instruments needed.

The second issue concerns share-based payment arrangements that involve two or more entities within the same group.

(i) IC Interpretation 13 Customer Loyalty Programmes

This Interpretation applies to customer loyalty award credits that an entity grants to its customers as part of a sales transaction, i.e. a sale of goods, rendering of services or use by a customer of entity assets; and subject to meeting any further qualifying conditions, the customers can redeem in the future for free or discounted goods or services.

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

The issues addressed in this Interpretation are:

(i) when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of FRS 119;
(ii) how a minimum funding requirement might affect the availability of reductions in future contributions; and
(iii) when a minimum funding requirement might give rise to a liability.

Standards and IC Interpretations in issue but not yet effective

At the date of authorisation of issue of these financial statements, the new and revised Standards and IC Interpretations which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

FRS 1	First-time Adoption of Financial Reporting Standards (revised) [a]
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS Disclosures for First-time Adopters) [b]
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to additional exemptions for first-time adopters) [b]
FRS 2	Share-based Payment (Amendments relating to group cash-settled share-based payment transactions) [b]
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3) [a]
FRS 3	Business Combinations (revised) [a]
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell controlling interest in a subsidiary) [a]
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments) [b]
FRS 124	Related Party Disclosures (revised) [c]
FRS 127	Consolidated and Separate Financial Statements (revised) [a]
FRS 128	Investments in Associates (revised) [a]
FRS 132	Financial Instruments: Presentation (Amendments relating to classification of rights issue) [d]
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3) [a]
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to additional consequential amendments arising from revised FRS 3 and revised FRS 127) [b]
Improvements to FRSs 2010 [b]	
IC Interpretation 4	Determining whether an Arrangement contains a Lease [b]
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to additional consequential amendments arising from revised FRS 3) [a]
IC Interpretation 12	Service Concession Arrangements [a]
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendments relating to prepayments of a minimum funding requirement) [e]
IC Interpretation 15	Agreements for the Construction of Real Estate [f]
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation [a]
IC Interpretation 17	Distributions of Non-cash Assets to Owners [a]
IC Interpretation 18	Transfer of Assets from Customers [g]
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments [e]

[a] Effective for annual periods beginning on or after July 1, 2010
[b] Effective for annual periods beginning on or after January 1, 2011
[c] Effective for annual periods beginning on or after January 1, 2012
[d] Effective for annual periods beginning on or after March 1, 2010
[e] Effective for annual periods beginning on or after July 1, 2011
[f] Original effective date of July 1, 2009 deferred to January 1, 2012 via amendment issued by MASB on August 30, 2010
[g] Applied prospectively to transfers of assets from customers received on or after January 1, 2011

The directors anticipate that abovementioned Standards and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these FRSs and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application except for the following:

(a) FRS 3 Business Combinations (Revised in 2010)

The revised FRS 3:

(i) allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as "minority interests") either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree;

(ii) changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured realiably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from new information obtained within measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as net asset or a liability are recognised in profit or loss;

(iii) requires the recognition of a settlement gain and loss where the business combination in effect settles a pre-existing relationship between the Group and the acquiree; and

(iv) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the business combination.

Upon adoption, this Standard will be applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

(b) FRS 127 Consolidated and Separate Financial Statements (Revised in 2010)

The revised Standard will affect the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control. Previously, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, where appropriate; for decreases in interest in existing subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.

Under FRS 127 (Revised in 2010), increases or decreases in ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are dealt with in equity and attributed to the owners of the parent, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstance, FRS 127 (Revised in 2010) requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit or loss.

Upon adoption, this Standard has been applied prospectively and therefore, no restatements will be required in respect of the transactions prior to the date of adoption.

(c) Improvements to FRSs (2010)

Improvements to FRSs (2010) contain amendments to 11 FRSs/ IC Interpretations. Some of the improvements involve accounting changes to presentation, recognition or measurement whilst some are changes to terminology with little effect on accounting. Only the following four of the improvements are expected to have an impact on the Group and the Company's financial statements.

(i) Amendments to FRS 3 Business Combinations specifies that for each business combination, the acquirer shall measure at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either fair value; or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs.

(ii) Amendments to FRS 7 Financial Instruments: Disclosures providing qualitative disclosures in the context of quantitative disclosures enables users to link related disclosures and hence form an overall picture of the nature and extent of risks arising from financial instruments. The interaction between qualitative and quantitative disclosures contributes to disclosure of information in a way that better enables users to evaluate an entity's exposure to risks. This amendment also clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans.

(iii) Amendments to FRS 101 Presentation of Financial Statements clarifies that an entity may present the analysis of other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements.

(iv) Amendments to FRS 134 Interim Financial Reporting clarifies that an entity shall include in its interim financial report an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. Information disclosed in relation to those events and transactions shall update the relevant information presented in the most recent annual financial report.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on the historical cost basis, unless otherwise indicated in the accounting policies stated below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Subsidiaries and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries are consolidated using the purchase method of accounting, except for certain business combinations with agreement dated before January 1, 2006 that meet the conditions of a merger as set out in FRS 122_{2004} Business Combinations, which were accounted for using the merger method.

The Group has taken advantage of the exemption provided by FRS 3 to apply this standard prospectively. Accordingly, business combinations entered into prior to January 1, 2006 have not been restated to comply with this standard.

When the merger method is used, the cost of investment in the Company's books is recorded at cost. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit balance is adjusted against any suitable reserve. The results of the subsidiaries being merged are presented as if the merger had been effected throughout the current and previous financial years.

The financial statements of all subsidiaries are consolidated under the purchase method except for the financial statements of Pan-International Electronics (Malaysia) Sdn. Bhd. and Pan-International Wire & Cable (Malaysia) Sdn. Bhd. which are consolidated under the merger method.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(a) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Subsidiaries

Investment in subsidiaries which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant FRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3 (revised) are recognised at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 Income Taxes and FRS 119 Employee Benefits respectively;

(b) liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 2 Share-based Payment; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

When a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/ from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venture has an interest are referred to as jointly controlled entities. The Group reports its interest in jointly controlled entity using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, the investment in the jointly controlled entity is carried in the statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the jointly controlled entity. The Group's share of the net profit or loss of the jointly controlled entity is recognised in the statement of comprehensive income.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising in a business combination.

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(a) Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

(i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
(ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(iii) the amount of revenue can be measured reliably;
(iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and
(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably).

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(c) Rental revenue

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(d) Other income

Management fee and other income are recognised on an accrual basis.

Short-term employee benefits

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

Retirement benefit costs

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Group and the Company have no further payment obligations once these contributions have been paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. 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 taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(c) Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia (“RM”), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

(a) exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gain and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income; and

(b) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the investment.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued properties is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.

All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Leasehold improvement	20%
Buildings	2.22% - 5%
Leasehold flats	2.22%
Plant and machinery	10% - 33.3%
Production tools and equipment	10% - 20%
Furniture, fixtures and office equipment	10% - 33.3%
Mechanical and electrical installation	10% - 20%
Motor vehicles	20%
Road	10%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties, which are properties held to earn rentals and/ or for capital appreciation (including property under construction for such purposes), are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties ares measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, includes an appropriate portion of fixed and variable overhead expenses that have been incurred in bringing the inventories to their present location and condition. Cost is determined based on the weighted average method.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial instruments are recognised in the statement of financial position when, and only when, the Group become a party to the contractual provisions of the financial instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets

Financial assets of the Group are classified into the following specified categories: financial assets 'at fair value through profit or loss' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(a) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

(b) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

(i) it has been acquired principally for the purpose of selling it in the near term; or
(ii) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
(iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

(i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
(ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
(iii) it forms part of a contract containing one or more embedded derivatives, and FRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(d) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

(i) significant financial difficulty of the issuer or counterparty; or
(ii) default or delinquency in interest or principal payments; or
(iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit periods of 30 to 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(e) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments issued by the Group and the Company

(a) Classification as debt or equity

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

(b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

(c) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'.

(d) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

(i) it has been acquired principally for the purpose of repurchasing it in the near term; or
(ii) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
(iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

(i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
(ii) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
(iii) it forms part of a contract containing one or more embedded derivatives, and FRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the ‘other gains and losses’ line item in the statement of comprehensive income.

(e) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(f) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 33.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates derivatives as hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges).

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a noncurrent liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Treasury shares

Shares bought back are retained as treasury shares under the treasury stock method. Shares repurchased and held as treasury shares are accounted for at the cost of repurchase and set off against equity. Where such treasury shares are subsequently sold or reissued, the net consideration received is included in shareholders' equity.

Where the Company reacquires its own equity share capital, the consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in statements of comprehensive income on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

Cash and cash equivalents

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents comprise cash and bank balances, demand deposits which are not pledged, 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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements apart from those involving estimations which are dealt with below:

(i) Impairment of goodwill

Determining whether goodwill is impaired required an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

(ii) Impairment of property, plant and equipment and investment properties

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

If there are indicators of impairment in property, plant and equipment and investment properties, the Group carries out the impairment test based on a variety of estimation including the value in use of the cash-generating units to which the property, plant and equipment and investment properties are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

During the current financial year, the Group assessed and determined that there was no indicator of impairment for property, plant and equipment and investment properties.

(iii) Inventories

The Group makes an allowance for slow moving/ obsolete inventories based on an assessment of the net realisable value of the inventories. When estimating the net realisable value of inventories, management consider all of the facts relating to the inventories and the operating environment at the time the estimates are made. Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories in the period in which such estimate has been changed.

(iv) Impairment of receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables in the period in which such estimate has been changed.

(b) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and, other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. REVENUE

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sale of goods	287,203,330	225,901,862	-	-
Dividend income from subsidiaries in Malaysia	-	-	13,500,000	-
Management fee	-	-	2,460,000	2,460,000
	287,203,330	225,901,862	15,960,000	2,460,000

6. INVESTMENT REVENUE

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Rental revenue from:				
Investment properties	2,237,024	1,141,642	-	-
Others	2,250	2,250	-	-
Interest revenue on short-term deposits	1,234,421	1,479,098	288,578	328,333
	3,473,695	2,622,990	288,578	328,333

The following is an analysis of investment revenue earned on financial assets by category of asset:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Investment income earned on non-financial assets	2,239,274	1,143,892	-	-
Interest revenue for financial assets not designated as at fair value through profit or loss:				
Loan and receivables (including cash and bank balances)	1,234,421	1,479,098	288,578	328,333
	3,473,695	2,622,990	288,578	328,333

7. OTHER GAINS AND LOSSES

	The Group	
	2010	2009
	RM	RM
Reversal of inventories written down	803,471	354,540
Gain on fair value adjustment of investment properties	208,071	-
Net gain arising on financial assets designated as at fair value through profit or loss	200,300	-
Reversal of impairment loss on trade receivables	140,478	437,302
Gain on disposal of property, plant and equipment	24,521	-
Net foreign exchange (loss)/ gain:		
Realised	(4,586,698)	(713,797)
Unrealised	469,815	1,192,224
Inventories written off	(600,000)	(1,024,694)
Impairment loss recognised on trade receivables	(86,567)	(66)
Bad debts written off	(28,182)	(41,497)
Property, plant and equipment written off	(9,019)	-
Loss on disposal of property, plant and equipment	-	(62)
Others	323,452	(27,230)
	(3,140,358)	176,720

8. OTHER INCOME

	The Group	
	2010	2009
	RM	RM
Scrap sales	6,114,183	3,544,226
Accrual for customer's claim no longer required	-	753,994
Others	255,275	377,885
	6,369,458	4,676,105

9. EMPLOYEE BENEFITS EXPENSE

Employee benefits expense recognised as an expense during the financial year is as follows:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Contribution to employees provident fund and central provident fund	905,599	916,086	70,218	88,404
Other employee benefits expense	27,480,495	25,240,877	2,018,301	3,018,915
	28,386,094	26,156,963	2,088,519	3,107,319

Employee benefits expense of the Group and of the Company includes directors' remuneration, salaries, bonuses, contribution to employees provident fund and central provident fund and all other employee related expenses.

Details of remuneration of executive directors, who are the key management personnel of the Group and of the Company, are as follows:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Contribution to employees provident fund and central provident fund	87,423	85,495	41,292	41,292
Other emoluments	1,677,128	1,936,978	1,677,128	1,936,978
	1,764,551	2,022,473	1,718,420	1,978,270

10. INCOME TAX EXPENSE

Income tax recognised in profit or loss

Income tax expense comprises:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current year:				
Current tax expense:				
Malaysian	4,842,000	4,861,126	3,001,000	-
Foreign	1,100,639	1,302,318	-	-
Deferred tax (income)/ expense relating to the origination and reversal of temporary differences	(95,495)	886,388	-	-
	5,847,144	7,049,832	3,001,000	-
Adjustments recognised in the current year in relation to prior years:				
Current tax:				
Malaysian	139,390	872,565	-	473,417
Deferred tax	(517,950)	-	-	-
Total tax expense	5,468,584	7,922,397	3,001,000	473,417

Malaysian income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated taxable profit for the year. Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

The estimated tax saving arising from utilisation of previously unused tax losses that is used to reduce current tax expense of the Group and of the Company is RM135,000 (2009: Nil).

The total tax expense for the year can be reconciled to the accounting profit as follows:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before tax	31,131,831	33,204,171	12,668,749	(1,489,593)
Tax expense calculated using the Malaysian income tax rate of 25% (2009: 25%)	7,783,000	8,301,000	3,167,000	(372,000)
Effect of expenses that are not deductible in determining taxable profit	93,344	843,832	33,000	31,000
Effect of revenue that is exempt from taxation	(200)	(136,000)	-	-
Effect of tax exempt income on pioneer business	(1,164,000)	(1,348,000)	-	-
Effect of tax saving from the claim of double deduction on expenses	-	(43,000)	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(662,000)	(864,000)	-	-
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	2,000	296,000	-	341,000
Effect of deferred tax assets not recognised previously:				
Unused tax losses	(135,000)	-	(135,000)	-
Other temporary differences	(70,000)	-	(64,000)	-
	5,847,144	7,049,832	3,001,000	-
Adjustments recognised in the current year in relation to prior years:				
Current tax:				
Malaysian	139,390	872,565	-	473,417
Deferred tax	(517,950)	-	-	-
Income tax expense recognised in profit or loss	5,468,584	7,922,397	3,001,000	473,417

A subsidiary in Malaysia has been granted pioneer status under the Promotion of Investment Act, 1986 for the manufacturing of fixed and handheld barcode readers and its related sub-assembly. Under this incentive, 70% of the subsidiary's statutory income from the manufacturing of fixed and handheld barcode readers is exempted from income tax for a period of five years commencing February 2, 2009.

Another subsidiary in Thailand is enjoying investment promotion in manufacturing of certain goods according to the Investment Promotion Act of Thailand B.E. 1977. Under this incentive, the subsidiary is entitled to corporate tax exemption and tax reduction (at 15%) for certain income, as well as other rights and privileges as prescribed by the Board of Investment. As for income which is derived from Non-Board of Investment operations, it is still liable for corporate tax at 30% of the net profit.

Income tax recognised in other comprehensive income:

	The Group	
	2010	**2009**
	RM	**RM**
Deferred tax		
Arising on income and expense recognised in other comprehensive income:		
Property revaluations	735,561	-
Effect on deferred tax on property revaluations due to the change in income tax rate from 26% to 25% (effective January 1, 2009)	-	411,925
Effect on deferred tax upon transfer of property, plant and equipment to investment properties	-	(325,740)
Income tax recognised in other comprehensive income	735,561	86,185

As of December 31, 2010, the Group and the Company has unused tax losses of approximately RM2,294,000 (2009: RM3,943,000) and RM1,706,000 (2009: RM3,396,000) respectively, which are available for set off against future taxable income. The unused tax losses are subject to agreement by the relevant tax authorities.

11. PROFIT/ (LOSS) FOR THE YEAR

Profit/ (loss) for the year has been arrived at:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
After charging:				
Net foreign exchange loss	4,116,883	-	-	-
Depreciation of property, plant and equipment	3,513,761	3,946,060	-	-
Directors' remuneration:				
Directors of the Company:				
Fee	72,000	56,000	72,000	56,000
Contribution to employees provident fund	41,292	41,292	41,292	41,292
Other emoluments	1,677,128	1,936,978	1,677,128	1,936,978
Directors of subsidiaries:				
Fee	-	-	-	-
Contribution to employees provident fund and central provident fund	46,131	44,203	-	-
Other emoluments	414,472	395,117	-	-

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Inventories written down	600,000	1,024,694	-	-
Amortisation of prepaid lease payments on leasehold land	225,595	287,155	-	-
Rental of:				
Premises	119,192	113,293	-	-
Office equipment	15,144	13,449	-	-
Audit fee:				
Current year	112,501	104,019	30,000	24,000
(Over)/ underprovision in prior year	(400)	1,400	3,600	2,000
Impairment loss recognised on trade receivables	86,567	66	-	-
Bad debts written off	28,182	41,497	-	-
Property, plant and equipment written off	9,019	-	-	-
Loss on disposal of property, plant and equipment	-	62	-	-
And crediting:				
Rental revenue	2,239,274	1,143,892	-	-
Interest revenue on short-term deposits	1,234,421	1,479,098	288,578	328,333
Reversal of inventories written down	803,471	354,540	-	-
Gain on fair value adjustment of investment properties	208,071	-	-	-
Net gain arising on financial assets designated as at fair value through profit or loss	200,300	-	-	-
Reversal of impairment loss on trade receivables	140,478	437,302	-	-
Gain on disposal of property, plant and equipment	24,521	-	-	-
Net foreign exchange gain	-	478,427	-	-

12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	The Group	
	2010	**2009**
Profit for the year attributable to owners of the Company (RM)	25,663,247	25,281,774
Weighted average number of ordinary shares in issue (units)	63,990,558	63,995,391
Basic earnings per share (sen)	40	40

13. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost unless stated otherwise	Beginning of year RM	Additions RM	Disposals/ write-off RM	Revaluations RM	Currency translation differences RM	End of year RM
2010:						
Freehold land						
- at cost	699,337	-	-	(699,337)	-	-
- at 2010 valuation	-	-	-	699,337	(9,089)	690,248
Leasehold improvement	203,884	-	(203,884)	-	-	-
Buildings						
- at cost	971,813	3,849,554	-	(4,810,367)	-	11,000
- at 2005 valuation	17,820,000	-	-	(17,820,000)	-	-
- at 2010 valuation	-	-	-	22,439,667	(6,743)	22,432,924
Leasehold flats						
- at 2005 valuation	1,950,000	-	-	(1,950,000)	-	-
- at 2010 valuation	-	-	-	1,900,000	-	1,900,000
Plant and machinery	48,440,788	4,706,988	(183,442)	-	(1,118)	52,963,216
Production tools and equipment	2,715,453	103,112	(1,366)	-	(49)	2,817,150
Furniture, fixtures and office equipment	2,568,846	73,890	(70,107)	-	(66)	2,572,563
Mechanical and electrical installation	1,608,537	-	(24,790)	-	-	1,583,747
Motor vehicles	1,834,133	-	(160,347)	-	(1,666)	1,672,120
Road	9,025	-	-	-	(44)	8,981
	78,821,816	8,733,544	(643,936)	(240,700)	(18,775)	86,651,949

Cost unless stated otherwise	Beginning of year RM	Additions RM	Disposals RM	Reclassification RM	Transfer to investment properties RM	Currency translation differences RM	End of year RM
2009:							
Freehold land	676,207	-	-	-	-	23,130	699,337
Leasehold improvement	203,884	-	-	-	-	-	203,884
Buildings							
- at cost	940,035	-	-	3,556,508	(3,556,508)	31,778	971,813
- at 2005 valuation	19,235,839	-	-	(1,415,839)	-	-	17,820,000
Leasehold flats							
- at 2005 valuation	1,950,000	-	-	-	-	-	1,950,000
Plant and machinery	48,690,674	1,882,254	-	(2,140,669)	-	8,529	48,440,788
Production tools and equipment	2,743,987	26,895	(56,864)	-	-	1,435	2,715,453
Furniture, fixtures and office equipment	2,513,637	55,918	(4,575)	-	-	3,866	2,568,846
Mechanical and electrical installation	1,608,537	-	-	-	-	-	1,608,537
Motor vehicles	1,826,168	-	-	-	-	7,965	1,834,133
Road	8,726	-	-	-	-	299	9,025
	80,397,694	1,965,067	(61,439)	-	(3,556,508)	77,002	78,821,816

Accumulated depreciation	Beginning of year RM	Charge for the year RM	Disposals/ write-off RM	Revaluations RM	Currency translation differences RM	End of year RM
2010:						
Leasehold improvement	203,862	-	(203,862)	-	-	-
Buildings						
- at cost	389,682	104,790	-	(493,312)	-	1,160
- at 2005 valuation	2,513,327	533,963	-	(3,047,290)	-	-
- at 2010 valuation	-	81,584	-	480,480	(8,831)	553,233
Leasehold flats						
- at 2005 valuation	102,034	20,786	-	(122,820)	-	-
- at 2010 valuation	-	1,954	-	-	-	1,954
Plant and machinery	43,197,418	2,409,561	(178,926)	-	(1)	45,428,052
Production tools and equipment	2,485,269	101,519	(1,366)	-	(32)	2,585,390
Furniture, fixtures and office equipment	2,230,226	137,815	(70,106)	-	(106)	2,297,829
Mechanical and electrical installation	1,608,113	413	(24,782)	-	-	1,583,744
Motor vehicles	1,606,275	121,376	(160,346)	-	(618)	1,566,687
Road	9,024	-	-	-	(43)	8,981
	54,345,230	3,513,761	(639,388)	(3,182,942)	(9,631)	54,027,030

Accumulated depreciation	Beginning of year RM	Charge for the year RM	Disposals RM	Reclassification RM	Transfer to investment properties RM	Currency translation differences RM	End of year RM
2009:							
Leasehold improvement	203,862	-	-	-	-	-	203,862
Buildings							
- at cost	286,445	93,314	-	359,469	(359,469)	9,923	389,682
- at 2005 valuation	1,965,171	599,955	-	(51,799)	-	-	2,513,327
Leasehold flats							
- at 2005 valuation	79,360	22,674	-	-	-	-	102,034
Plant and machinery	40,658,713	2,844,319	-	(307,670)	-	2,056	43,197,418
Production tools and equipment	2,445,036	96,618	(56,864)	-	-	479	2,485,269
Furniture, fixtures and office equipment	2,086,502	146,660	(4,513)	-	-	1,577	2,230,226
Mechanical and electrical installation	1,608,113	-	-	-	-	-	1,608,113
Motor vehicles	1,461,588	142,520	-	-	-	2,167	1,606,275
Road	8,726	-	-	-	-	298	9,024
	50,803,516	3,946,060	(61,377)	-	(359,469)	16,500	54,345,230

	The Group	
	2010 RM	**2009 RM**
Net book value:		
Freehold land		
- at cost	-	699,337
- at 2010 valuation	690,248	-
Leasehold improvement	-	22
Buildings		
- at cost	9,840	582,131
- at 2005 valuation	-	15,306,673
- at 2010 valuation	21,879,691	-
Leasehold flats		
- at 2005 valuation	-	1,847,966
- at 2010 valuation	1,898,046	-
Plant and machinery	7,535,164	5,243,370
Production tools and equipment	231,760	230,184
Furniture, fixtures and office equipment	274,734	338,620
Mechanical and electrical installation	3	424
Motor vehicles	105,433	227,858
Road	-	1
	32,624,919	24,476,586

The freehold land and a building of the Group with a total carrying value of RM1,172,669 as of December 31, 2010 were revalued by the directors on November 30, 2010. The valuations were based on directors' valuation by reference to market evidence of transaction prices for similar properties.

The other buildings and leasehold flats of the Group with a total carrying value of RM23,295,316 as of December 31, 2010 were revalued by the directors on November 30, 2010 based on valuations carried out by Mr. Tan Chai Liang, PJK, MJSM, B. Surv (Hons) Prop. Mgt., a registered valuer of Izrin & Tan Properties Sdn. Bhd., an independent firm of professional valuer. The valuations were based on market value using comparison method of valuation.

Had the buildings and leasehold flats been carried at historical cost, the carrying amount of the revalued assets would be as follows:

	The Group	
	2010	**2009**
	RM	**RM**
Cost:		
Buildings	19,431,450	15,581,896
Leasehold flats	1,472,000	1,472,000
	20,903,450	17,053,896
Accumulated depreciation:		
Buildings	7,597,711	7,142,568
Leasehold flats	254,009	239,140
	(7,851,720)	(7,381,708)
Carrying amount	13,051,730	9,672,188

As of December 31, 2010, certain of the Group's freehold land and buildings with a total carrying value of RM1,172,669 (2009: RM1,271,627) are charged to a bank as securities for banking facilities granted to the Group as mentioned in Note 32.

14. INVESTMENT PROPERTIES

	The Group	
	2010	**2009**
	RM	**RM**
At fair value:		
Balance at beginning of year	18,291,280	10,422,940
Acquisitions during the year	8,397,087	-
Additions through subsequent expenditure	556,238	-
Transferred from:		
Property, plant and equipment	-	3,197,039
Prepaid lease payments on leasehold land	-	3,179,268
Gain on fair value adjustment upon transfer from property, plant and equipment	-	1,423,693
Gain on fair value adjustment at end of year	208,071	-
Effect on foreign currency exchange differences	(10,366)	68,340
Balance at end of year	27,442,310	18,291,280

The investment properties as of December 31, 2010 are as follows:

	The Group	
	2010	**2009**
	RM	**RM**
Freehold land and buildings	2,020,223	2,066,280
Short leasehold land and buildings	25,422,087	16,225,000
	27,442,310	18,291,280

The fair value of the Group's investment properties of freehold land and buildings of RM2,020,223 (2009: RM2,066,280) as of December 31, 2010 was determined by the directors by reference to market evidence of transaction prices for similar properties.

The fair value of certain of the Group's investment properties of short leasehold land and buildings with a total carrying value of RM17,025,000 (2009: RM16,225,000) as of December 31, 2010 has been arrived at on the basis of a valuation carried out at that date by an independent valuer which have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

No valuation was carried out by independent valuer at end of year for the Group's investment properties of short leasehold land and building acquired during the last quarter of the year of RM8,397,087 (2009: Nil) as the directors are of the opinion that the carrying amount of such investment properties approximates their fair value as of December 31, 2010.

The rental income earned by the Group from its investment properties is RM2,237,024 (2009: RM1,141,642). Direct operating expenses incurred on the investment properties during the financial year amounted to RM270,146 (2009: RM434,608).

As of December 31, 2010, the unexpired lease periods of the short leasehold land of the Group which are included under investment properties are 39 and 40 years.

As of December 31, 2010, certain of the Group's investment properties with a total carrying value of RM2,020,223 (2009: RM2,066,280) are charged to a bank as securities for banking facilities granted to the Group as mentioned in Note 32.

As of December 31, 2010, the title deed of a parcel of short leasehold land of the Group with a carrying value of RM8,397,087 (2009: Nil) is in the process of being transferred to the name of a subsidiary.

15. PREPAID LEASE PAYMENTS ON LEASEHOLD LAND

	The Group	
	2010	**2009**
	RM	**RM**
At beginning of year	8,369,999	11,836,422
Acquisition during the year	4,599,468	-
Transferred to investment properties	-	(3,179,268)
Amortisation during the year	(225,595)	(287,155)
At end of year	12,743,872	8,369,999

The prepaid lease payments on leasehold land as of December 31, 2010 are as follows:

	The Group	
	2010	2009
	RM	RM
Short leasehold land	12,743,872	8,369,999

As of December 31, 2010, the unexpired lease period of the short leasehold land of the Group which are included under prepaid lease payments on leasehold land are 39 to 40 years.

16. GOODWILL

	The Group	
	2010	2009
	RM	RM
At cost	1,721,665	1,721,665

At the end of the reporting period, the Group assessed the recoverable amount of goodwill, and determined that there was no impairment on goodwill need to be recognised.

Goodwill has been allocated for impairment testing purposes to manufacturing activities of a foreign subsidiary.

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a period of 3 years with an estimated growth rate of 2% (2009: 2%), and a discount rate of 9% (2009: 7%) per annum.

Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

17. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2010	2009
	RM	RM
Unquoted shares, at cost	79,918,805	79,918,805

The subsidiaries are as follows:

	Place of incorporation	Principal activities	Percentage of ownership 2010	2009
Direct holdings				
Pan-International Electronics (Malaysia) Sdn. Bhd.	Malaysia	Contract electronic manufacturing and cable and PCB assemblies and manufacture of fixed and handheld barcode readers and its related sub-assembly	100%	100%
Pan International Electronics (Thailand) Co., Ltd [(a)]	Thailand	Cable assembly and wireharness manufacturing and providing of cable and wireharness to the computer, communication and consumer electronic industry	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				
Pan-International Corporation (S) Pte. Ltd. [(a)(b)]	Singapore	Marketing and trading of electronic and telecommunication components and equipment	100%	100%
PIE Enterprise (M) Sdn. Bhd. [(b)]	Malaysia	Trading of peripheral products of computer, telecommunication, consumer electronics and cable assembly products	100%	100%
P.I.W. Enterprise (Malaysia) Sdn. Bhd. [(c)]	Malaysia	Trading of raw cable and wire and cable assembly products. However, in 2004, the Company ceased its trading activity and is presently inactive	100%	100%

(a) The financial statements of these subsidiaries were audited by other auditors.

(b) These companies are wholly owned by Pan-International Electronics (Malaysia) Sdn. Bhd..

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

18. INVESTMENT IN JOINTLY CONTROLLED ENTITY

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Unquoted shares, at cost	25,000	25,000	25,000	25,000
Group's share of post-acquisition reserve	346,982	(25,000)	-	-
	371,982	-	25,000	25,000

The Company holds 50% (2009: 50%) equity interest in a jointly controlled entity, Infra-Info Telecommunications Sdn. Bhd., a company incorporated in Malaysia. The jointly controlled entity is principally engaged in the provision of wireless broadband services and sale of related telecommunication products.

The Group's share of loss in jointly controlled entity has been recognised to the extent of the carrying amount of the investment. The cumulative and current year unrecognised share of loss in excess of carrying amount amounted to Nil (2009: RM70,555) and Nil (2009: RM15,396) respectively.

The Group's aggregate share of non-current assets, current assets, current liabilities, income and expenses of the jointly controlled entity is as follows:

	The Group	
	2010	2009
	RM	RM
Assets and liabilities		
Non-current assets	125,557	51,444
Current assets	373,841	13,075
Total assets	499,398	64,519
Current liabilities	127,416	135,074
Results		
Revenue	5,226	7,334
Expenses	167,739	565,328
Other income	604,974	542,998
Tax (income)/ expense	(76)	400

19. DEFERRED TAX ASSETS/ (LIABILITIES)

The Group

	Opening balance RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	Closing balance RM
2010:				
Deferred tax assets				
Inventories	2,597,000	523,000	-	3,120,000
Property, plant and equipment	(991,000)	(245,000)	-	(1,236,000)
Others	421,000	293,000	-	714,000
	2,027,000	571,000	-	2,598,000
Deferred tax liabilities				
Gain on revaluation of properties	(3,331,846)	103,386	(735,561)	(3,964,021)
Gain on fair value adjustment of investment properties	(306,990)	(60,941)	-	(367,931)
	(3,638,836)	42,445	(735,561)	(4,331,952)
	(1,611,836)	613,445	(735,561)	(1,733,952)
2009:				
Deferred tax assets				
Inventories	2,946,000	(349,000)	-	2,597,000
Property, plant and equipment	(1,371,000)	380,000	-	(991,000)
Others	1,458,000	(1,037,000)	-	421,000
	3,033,000	(1,006,000)	-	2,027,000
Deferred tax liabilities				
Gain on revaluation of properties	(3,844,633)	100,862	411,925	(3,331,846)
Gain on fair value adjustment of investment properties	-	18,750	(325,740)	(306,990)
	(3,844,633)	119,612	86,185	(3,638,836)
	(811,633)	(886,388)	86,185	(1,611,836)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are generally recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The estimated amount of deferred tax assets which is not recognised in the financial statements due to uncertainty of its realisation at the reporting date are as follows:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Unused tax losses	2,307,145	2,809,532	1,706,000	2,244,000
Temporary differences arising from:				
Receivables	213,000	250,000	-	-
Inventories	66,000	69,000	-	-
Others	676,070	953,071	672,000	929,000
	3,262,215	4,081,603	2,378,000	3,173,000

20. INVENTORIES

	The Group	
	2010 RM	2009 RM
Raw materials	12,409,085	13,498,984
Work-in-progress	9,704,905	7,206,354
Finished goods	4,261,159	3,762,265
Goods-in-transit	698,273	2,358,615
	27,073,422	26,826,218

The cost of inventories recognised as an expense by the Group during the financial year was RM246,126,138 (2009: RM182,972,101).

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables	72,596,377	66,258,240	-	-
Less: Allowance for doubtful debts	(1,276,279)	(1,331,818)	-	-
	71,320,098	64,926,422	-	-
Amount owing by ultimate holding company	879	2,677	-	-
Amount owing by subsidiaries	-	-	90,460,000	73,375,000
Amount owing by jointly controlled entity	125,000	125,000	125,000	125,000
Other receivables	99,588	75,310	516	25,281
	71,545,565	65,129,409	90,585,516	73,525,281

The currency exposure profile of trade and other receivables is as follows:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
United States Dollar	56,129,572	51,602,459	-	-
Ringgit Malaysia	7,958,649	7,370,138	90,585,516	73,525,281
Euro	4,498,364	3,483,736	-	-
Singapore Dollar	1,973,196	1,901,502	-	-
Thai Baht	985,784	771,574	-	-
	71,545,565	65,129,409	90,585,516	73,525,281

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The average credit period on sale of goods to trade receivables range from 30 to 90 days (2009: 30 to 90 days). No interest is charged on trade receivables outstanding balance. Allowance for doubtful debts are recognised against trade receivables over credit period based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Ageing of past due but not impaired trade receivables:

	The Group
	2010
	RM
30 to 60 days	16,581,921
60 to 90 days	813,259
More than 120 days	16,751
Total	17,411,931

Ageing of impaired trade receivables:

	The Group
	2010
	RM
30 to 60 days	245,432
60 to 90 days	261,780
90 to 120 days	37,644
More than 120 days	731,423
Total	1,276,279

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

There was no individually impaired trade receivables. The Group does not hold any collateral over these balances.

Movement in the allowance for doubtful debts is as follows:

	The Group
	2010
	RM
Balance at beginning of the year	1,331,818
Impairment losses recognised on trade receivables	86,567
Impairment losses reversed	(140,478)
Foreign exchange translation on gains and losses	(1,628)
Balance at end of the year	1,276,279

The amount owing by ultimate holding company arose mainly from trade transactions. The average credit period granted to ultimate holding company is 90 days. No interest is charged on amount owing by ultimate holding company.

The amount owing by subsidiaries are as follows:

	The Company	
	2010	**2009**
	RM	**RM**
Pan-International Electronics (Malaysia) Sdn. Bhd.	73,028,000	56,795,000
Pan-International Wire & Cable (Malaysia) Sdn. Bhd.	17,432,000	16,580,000
	90,460,000	73,375,000

The amount owing by subsidiaries arose mainly from dividend receivable, management fee receivable and unsecured advances which are interest free and repayable on demand.

The amount owing by jointly controlled entity, Infra-Info Telecommunications Sdn. Bhd. arose mainly from unsecured advances which are interest free and repayable on demand.

22. OTHER FINANCIAL ASSETS

	The Group	
	2010	**2009**
	RM	**RM**
Financial asset carried at fair value through profit or loss:		
Derivative financial instrument:		
Foreign currency forward contracts	200,300	-

The Group uses foreign currency forward contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Foreign currency forward contracts are used to hedge the Group's sales denominated in United States Dollar for which firm commitments existed at the reporting date, extending to January 2011.

23. OTHER ASSETS

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Deposits	1,036,353	139,279	2,000	2,000
Prepayments	1,064,497	1,176,423	16,076	17,863
	2,100,850	1,315,702	18,076	19,863

24. SHORT-TERM DEPOSITS WITH LICENSED BANKS

The currency exposure profile of short-term deposits with licensed banks is as follows:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
United States Dollar	29,035,850	15,401,000	-	-
Ringgit Malaysia	23,119,531	72,229,202	1,451,000	26,008,712
Thai Baht	23,039,603	19,838,971	-	-
	75,194,984	107,469,173	1,451,000	26,008,712

The short-term deposits of the Group carry interests at rates ranging from 0.2% to 2.85% (2009: 0.16% to 2.45%) per annum and will mature within January 2011 to March 2012. The short-term deposits of the Company carry interests at rates of 2.4% and 2.85% (2009: 2.1% to 2.45%) per annum and will mature in January 2011 and July 2011.

25. CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
United States Dollar	15,309,263	3,945,162	-	-
Thai Baht	7,527,589	3,373,498	-	-
Ringgit Malaysia	4,742,775	4,829,468	25,548	48,930
Singapore Dollar	222,398	300,658	-	-
Euro	163,861	23,343	-	-
Japanese Yen	10,200	10,265	-	-
Pound Sterling	2,028	2,599	-	-
	27,978,114	12,484,993	25,548	48,930

As of December 31, 2010, certain bank balances of the Group with a total carrying amount of RM57,288 (2009: RM57,568) are pledged as guarantee for the issuance of letter of guarantee by a bank for a foreign subsidiary's installation of electrical transformer and guarantee for the performance.

26. SHARE CAPITAL

	The Company	
	2010 RM	2009 RM
Authorised:		
100,000,000 shares of RM1 each	100,000,000	100,000,000
Issued and fully paid:		
64,007,000 ordinary shares of RM1 each	64,007,000	64,007,000

At an Annual General Meeting held on May 21, 2010, the Company's shareholders approved the Company's plan to repurchase its own shares. Under the share buy-back exercise, the Company is authorised to purchase up to maximum of 10% of the total issued and paid-up share capital. The share buy-back exercise is undertaken to enhance the value of the Company and is applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 14,600 (2009: 1,100) of its issued and fully paid-up ordinary shares from the open market. The average price paid for the shares repurchased was approximately RM4.06 (2009: RM4.12) per ordinary share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

As of December 31, 2010, out of the total 64,007,000 (2009: 64,007,000) issued and paid-up share capital, 26,700 (2009: 12,100) are held as treasury shares. Hence, the number of outstanding ordinary shares in issue and fully paid-up is 63,980,300 (2009: 63,994,900) ordinary shares of RM1 each.

27. RESERVES

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Non-distributable:				
Share premium	18,993,049	18,993,049	18,993,049	18,993,049
Properties revaluation reserve	12,990,026	11,093,502	-	-
Foreign currency translation reserve	1,398,846	1,529,259	-	-
Merger reserve	-	-	16,408,221	16,408,221
	33,381,921	31,615,810	35,201,270	35,401,270

The share premium arose from the issue of shares at premium and sale of treasury shares, net of share issue expenses.

The movement in properties revaluation reserve is as follows:

	The Group	
	2010	2009
	RM	RM
Balance at beginning of year	11,093,502	9,886,205
Increase arising on revaluation of properties	2,942,242	-
Increase arising on fair value adjustment of investment properties upon transfer from property, plant and equipment	-	1,423,693
Deferred tax liabilities arising on revaluation	(735,561)	-
Deferred tax liabilities arising upon transfer from property, plant and equipment	-	(325,740)
Reversal of deferred tax liabilities due to change in income tax rate	-	411,925
Transferred to retained earnings	(310,157)	(302,581)
Balance at end of year	12,990,026	11,093,502

The properties revaluation reserve arises on the revaluation of land and buildings. When revalued land and buildings are sold, the portion of the properties revaluation reserve that relates to that asset, and that is effectively realised, is transferred directly to retained earnings.

The movement in foreign currency translation reserve is as follows:

	The Group	
	2010	2009
	RM	RM
Balance at beginning of year	1,529,259	695,027
Exchange differences arising on translating the net assets of foreign operations	(130,413)	834,232
Balance at end of year	1,398,846	1,529,259

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (Ringgit Malaysia) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

The merger reserve represents the difference between the cost of investment in subsidiaries and the nominal value of shares issued as consideration plus cash consideration.

28. RETAINED EARNINGS

In accordance with the Finance Act 2007, the single tier income tax system became effective from the year of assessment 2008. Under this system, tax on a company's profit is a final tax, and dividends paid are exempted from tax in the hands of the shareholders. Unlike the previous full imputation system, the recipient of the dividend would no longer be able to claim any tax credit.

Companies with Section 108 tax credit are given an irrevocable option to disregard the tax credit or to continue to utilise such tax credits until the tax credits are fully utilised or upon the expiry of the 6 years transitional period on December 31, 2013, whichever is earlier. During the transitional period, the Section 108 tax credit will be reduced by any tax credits utilised and any tax paid will not be added to this account.

As of the reporting date, the Group has not elected for the irrevocable option to disregard the Section 108 tax credits. Accordingly, subject to the agreement of the Inland Revenue Board, the Company has sufficient Section 108 tax credit and the balance in the tax exempt account to frank dividends out of its entire retained earnings, a distributable reserve.

29. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade payables	27,881,025	25,173,359	-	-
Amount owing to ultimate holding company	11,501	66,207	-	-
Amount owing to a director	152	800	152	800
Other payables	2,112,050	2,110,350	-	-
Accrued expenses	13,582,885	15,153,829	2,460,007	3,347,979
	43,587,613	42,504,545	2,460,159	3,348,779

The currency exposure profile of trade and other payables is as follows:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Ringgit Malaysia	20,599,838	22,661,720	2,460,159	3,348,779
United States Dollar	17,129,834	16,083,758	-	-
Thai Baht	3,153,577	2,848,851	-	-
Euro	2,348,826	156,296	-	-
Japanese Yen	230,903	700,554	-	-
Singapore Dollar	121,491	38,304	-	-
Pound Sterling	3,144	15,062	-	-
	43,587,613	42,504,545	2,460,159	3,348,779

Included in trade payables as of December 31, 2010 is an amount of RM14,962 (2009: Nil) owing to Hon Hai Precision Industries Co. Ltd., a shareholder of the Company's ultimate holding company.

Trade payables comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases range from 10 to 90 days (2009: 10 to 60 days). No interest is charged on trade payables outstanding balance. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The amount owing to ultimate holding company arose mainly from trade transactions. The credit period granted to the Group for trade transactions with ultimate holding company is 30 days (2009: 30 days). No interest is charged on amount owing to ultimate holding company.

The amount owing to a director, Mr. Cheung Ho Leung represents director's remuneration payable.

Other payables comprise mainly amounts outstanding for ongoing costs.

30. DIVIDENDS

	The Group and the Company	
	2010	2009
	RM	RM
Declared in respect of financial year ended December 31, 2009:		
Special dividend of 23 sen gross per ordinary share, less tax	11,039,120	-
First and final dividend of 12 sen gross per ordinary share, less tax	5,759,540	-
Declared in respect of financial year ended December 31, 2008:		
Special dividend of 23 sen gross per ordinary share, less tax	-	11,039,310
First and final dividend of 12 sen gross per ordinary share, less tax	-	5,759,640
	16,798,660	16,798,950

31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at end of year comprise the following:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Short-term deposits with licensed banks	75,194,984	107,469,173	1,451,000	26,008,712
Cash and bank balances	27,978,114	12,484,993	25,548	48,930
	103,173,098	119,954,166	1,476,548	26,057,642
Less: Bank balances pledged as security	(57,288)	(57,568)	-	-
	103,115,810	119,896,598	1,476,548	26,057,642

32. FINANCING FACILITIES

As of December 31, 2010, the Group has unused bank overdrafts and other credit facilities as follows:

	The Group	
	2010	2009
	RM	RM
Secured	1,023,000	1,028,000
Unsecured	18,650,000	18,650,000
	19,673,000	19,678,000

The bank overdrafts and other credit facilities bear interests at rates ranging from 0.4% to 1.5% (2009: 0.4% to 1.5%) per annum above the lending banks' base lending rates and a fixed rate of 6.63% (2009: 6.13%) per annum.

The secured banking facilities are secured by a charge over a subsidiary's freehold land, buildings and investment properties. The unsecured banking facilities are guaranteed by the Company for RM40,950,000 (2009: RM40,950,000).

33. FINANCIAL INSTRUMENTS

a. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment and buy back issued shares. Management monitors capital based on ability of the Group to generate sustainable profits and availability of retained earnings for dividend payments to shareholders. The Group's overall strategy remains unchanged from 2009.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

b. Financial risk management objectives

The operations of the Group are subject to a variety of financial risks, including market risk, foreign currency risk, credit risk, interest rate 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 exposure 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.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

i. Market risk management

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.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group enters into derivative financial instruments to manage its exposure to foreign currency risk, forward foreign exchange contracts to hedge the exchange rate risk arising on foreign currency sales.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

ii. Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	The Group	
	Assets	**Liabilities**
	2010	**2010**
	RM	**RM**
United States Dollar	100,474,685	17,129,834
Thai Baht	31,552,976	3,153,577
Euro	4,662,225	2,348,826
Singapore Dollar	2,195,594	121,491
Japanese Yen	10,200	230,903
Pound Sterling	2,028	3,144

The following table details the Group's sensitivity to a 10% increase and decrease in the RM against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the RM strengthens 10% against the relevant currency. For a 10% weakening of the RM against the relevant currency, there would be a comparable impact on the profit, and the balances below would be negative.

	The Group
	2010
	RM
Impact on profit or loss:	
United States Dollar	8,334,486
Thai Baht	2,839,939
Euro	231,340
Singapore Dollar	207,415
Japanese Yen	(22,070)
Pound Sterling	(112)

iii. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. The Group uses its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

At the reporting date, approximately 51% of the Group's trade receivables were due from a major customer and its related companies, and approximately 8% of the Group's trade receivables were due from another major customer and its related companies. Apart from these two major customers and its related companies, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparty did not exceed 8% of gross trade receivables at the end of reporting date.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are reputable banks.

The carrying amounts of financial assets recognised in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

iv. Interest rate risk management

The Group's exposure to changes in interest rates relates primarily to the Group's short-term deposits with licensed banks. It has no significant interest-bearing financial assets or liabilities other than the short-term deposits.

No sensitivity analysis prepared as the Group does not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of reporting period.

v. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 32 sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

vi. Cash flow risk management

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

c. **Forward foreign currency contracts**

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. The Group also enters into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions. Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place.

The following table details the foreign currency forward contracts outstanding as at the end of the reporting date:

The Group

Outstanding contract	**Average exchange rate 2010**	**Foreign currency 2010 USD**	**Contract value 2010 RM**	**Fair Value 2010 RM**
Sell USD				
Less than 3 months	3.17 - 3.22	1,700,000	5,411,500	200,300

d. **Fair value of financial assets and liabilities**

The fair value of derivative financial instruments is set out in Note 22.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

34. RELATED PARTY TRANSACTIONS

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

	The Group		**The Company**	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
With ultimate holding company:				
Purchase of raw materials	22,927	21,301	-	-
Sale of finished goods	879	-	-	-
Purchase of sundry items	306	140,183	-	-
With subsidiaries:				
Pan-International Electronics (Malaysia) Sdn. Bhd.				
Management fee received	-	-	1,740,000	1,740,000
Pan-International Wire & Cable (Malaysia) Sdn. Bhd.				
Management fee received	-	-	720,000	720,000

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
With another related company:				
Pan-International USA				
Purchase of sundry items	-	14,438	-	-
With another related party:				
Hon Hai Precision Industries Co. Ltd.*				
Purchase of raw materials	14,962	-	-	-

* A shareholder of the Company's ultimate holding company.

35. OPERATING LEASE ARRANGEMENTS

The Group has entered into operating lease agreements to lease out its investment properties. The future minimum lease payments receivable under operating lease of the Group's short leasehold land and building contracted for as of the end of the reporting period but not recognised as receivables, are as follows:

	The Group	
	2010	2009
	RM	RM
Not later than one year	1,599,468	2,282,748
Later than one year and not later than five years	1,759,662	3,363,180
	3,359,130	5,645,928

The Group has entered into operating lease agreements for the use of premises and office equipment. The future aggregate minimum lease payments under operating leases contracted for as of the end of the reporting period but not recognised as liabilities are as follows:

	The Group	
	2010	2009
	RM	RM
Not later than one year	112,290	56,740
Later than one year and not later than five years	44,150	30,660
	156,440	87,400

36. CAPITAL COMMITMENTS

As of December 31, 2010, the Group has the following commitments in respect of capital expenditure on property, plant and equipment:

	The Group	
	2010	2009
	RM	RM
Approved but not contracted for	5,372,240	-

37. SEGMENT INFORMATION

Products and services from which reportable segments derive their revenue

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments under FRS 8 Operating Segments are therefore as follows:

a. manufacturing of industrial products (includes cables and wires for electrical devices, cable moulding components and PCB assemblies, cable and wireharness to the computer, communication, consumer electronic industry and cable assembly);
b. trading of electrical products (includes cables, computers, capacitors, resistors and telecommunication components and equipment); and
c. investment holdings.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

The Group

	Manufacturing of industrial products RM	Trading of electrical products RM	Investment holdings RM	Eliminations RM	Consolidated RM
2010:					
Revenue					
External sales	282,890,658	4,312,672	-	-	287,203,330
Inter-segment revenue	3,964,022	1,528,185	15,960,000	(21,452,207)	-
Total revenue	286,854,680	5,840,857	15,960,000	(21,452,207)	287,203,330
Results					
Segment profit	31,311,546	44,799	12,380,171	(13,310,004)	30,426,512
Investment revenue					3,473,695
Other gains and loss					(3,140,358)
Share of profits of jointly controlled entity					371,982
Profit before tax					31,131,831
Income tax expense					(5,468,584)
Profit for the year					25,663,247

	Manufacturing of industrial products RM	Trading of electrical products RM	Investment holdings RM	Eliminations RM	Consolidated RM
2009:					
Revenue					
External revenue	222,941,434	2,960,428	-	-	225,901,862
Inter-segment revenue	12,247,225	710,416	2,460,000	(15,417,641)	-
Total revenue	235,188,659	3,670,844	2,460,000	(15,417,641)	225,901,862
Results					
Segment profit/ (loss)	32,103,047	(81,959)	(1,817,926)	201,299	30,404,461
Investment revenue					2,622,990
Other gains and losses					176,720
Profit before tax					33,204,171
Income tax expense					(7,922,397)
Profit for the year					25,281,774

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit/ loss represents the profit earned/ loss suffered by each segment without investment revenue, other gains and losses, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

The Group

	Manufacturing of industrial products RM	Trading of electrical products RM	Investment holdings RM	Eliminations RM	Consolidated RM
2010:					
Assets					
Segment assets	167,845,371	4,008,483	169,140	3,765,413	175,788,407
Income producing assets					102,637,294
Investment in jointly controlled entity					371,982
Income tax assets					3,535,429
Other financial assets					200,300
Consolidated total assets					282,533,412

	Manufacturing of industrial products RM	Trading of electrical products RM	Investment holdings RM	Eliminations RM	Consolidated RM
Liabilities					
Segment liabilities	41,095,432	32,022	2,460,159	-	43,587,613
Income tax liabilities					5,459,808
Consolidated total liabilities					49,047,421
2009:					
Assets					
Segment assets	132,591,265	3,789,422	1,965,739	1,978,146	140,324,572
Income producing assets					125,760,453
Income tax assets					3,444,613
Consolidated total assets					269,529,638
Liabilities					
Segment liabilities	39,056,541	99,225	3,348,779	-	42,504,545
Income tax liabilities					4,420,743
Consolidated total liabilities					46,925,288

For the purposes of monitoring segment performance and allocating resources between segments:

a. all assets are allocated to reportable segments other than investment properties, investment in jointly controlled entity, short-term deposits, current and deferred tax assets, and other financial assets. Goodwill is allocated to reportable segments.

b. all liabilities are allocated to reportable segments other than current and deferred tax liabilities.

Other segment information

The Group

	Manufacturing of industrial products RM	Trading of electrical products RM	Investment holdings RM	Eliminations RM	Consolidated RM
2010:					
Other information					
Additions to non-current assets	22,309,525	-	-	(23,188)	22,286,337
Depreciation and amortisation expense	3,727,302	-	-	12,054	3,739,356
Non-cash expenses other than depreciation and amortisation	715,009	3,959	-	4,800	723,768
2009:					
Other information					
Additions to non-current assets	2,115,519	-	-	(150,452)	1,965,067
Depreciation and amortisation expense	4,219,985	-	-	13,230	4,233,215
Non-cash expenses other than depreciation and amortisation	1,057,748	8,571	-	-	1,066,319

Revenue from major products and services

Analysis of revenue from major products and services was not disclosed due to it is not practical to analyse these information without incurring excessive cost.

Geographical information

The Group operates in three principal geographical areas, Malaysia, Thailand and Singapore.

The Group's revenue from external customers attributed to countries of domicile of the Company and its subsidiaries are detailed below:

	The Group	
	2010	**2009**
	RM	**RM**
Malaysia	255,028,576	198,680,001
Thailand	27,864,316	24,271,787
Singapore	4,310,438	2,950,074
	287,203,330	225,901,862

The Group's revenue from external customers attributed to countries from which the Company and its subsidiaries derive revenue are detailed below:

	The Group	
	2010	**2009**
	RM	**RM**
United States of America	91,662,273	85,098,885
Europe	72,111,837	38,573,885
Other Asia Pacific Countries	66,886,828	59,172,358
Malaysia	56,542,392	43,056,734
	287,203,330	225,901,862

Information about the Group's non-current assets by locations are detailed below:

	The Group	
	2010	**2009**
	RM	**RM**
Malaysia	69,200,864	47,426,189
Thailand	3,610,237	3,711,676
	72,811,101	51,137,865

Non-current assets exclude goodwill, deferred tax assets and financial instruments.

Information about major customers

Included in revenue of the Group are revenue of RM115,585,815 (2009: RM90,084,497) and RM32,607,033 (2009: RM16,601,057) which arose from sales to the Group's first and second largest customers respectively.

38. SUPPLEMENTARY INFORMATION – DISCLOSURE ON REALISED AND UNREALISED PROFITS/ LOSSES

On March 25, 2010, Bursa Malaysia Securities Berhad issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as of the end of the reporting period into realised and unrealised profits or losses.

On December 20, 2010, Bursa Malaysia Securities Berhad further issued guidance on the disclosure and the prescribed format required.

The breakdown of the retained earnings of the Group and of the Company as of December 31, 2010 into realised and unrealised amounts, pursuant to the directive, is as follows:

	The Group 2010 RM	The Company 2010 RM
Total retained earnings of the Company and its subsidiaries		
Realised	172,758,717	70,628,567
Unrealised	4,171,422	-
	176,930,139	70,628,567
Total share of retained earnings of jointly controlled entity		
Realised	346,982	-
Unrealised	-	-
	346,982	-
Less: Consolidation adjustments	(41,081,000)	-
Total retained earnings as per statements of financial position	136,196,121	70,628,567

Comparative information is not presented in the first financial year of application pursuant to the directive issued by Bursa Malaysia Securities Berhad on March 25, 2010.

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 “Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements” as issued by the Malaysian Institute of Accountants on December 20, 2010. A charge or a credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of recourse could be demonstrated.

The supplementary information have been made solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

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 financial statements are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2010 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 38, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with
a resolution of the Directors,

______________________________	______________________________
MUI CHUNG MENG	**CHEN, CHIH-WEN**

Penang,

April 6, 2011

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 financial statements 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	CHEN, CHIH-WEN Before me,
GEORGETOWN in the State of **PENANG**	
on April 6, 2011	GOH SUAN BEE No: P125 **COMMISSIONER FOR OATHS**

P.I.E. INDUSTRIAL BERHAD
(Company No.: 424086 X)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
DECEMBER 31, 2010
(In Ringgit Malaysia)

Company No.: 424086 X

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

FINANCIAL STATEMENTS
DECEMBER 31, 2010

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